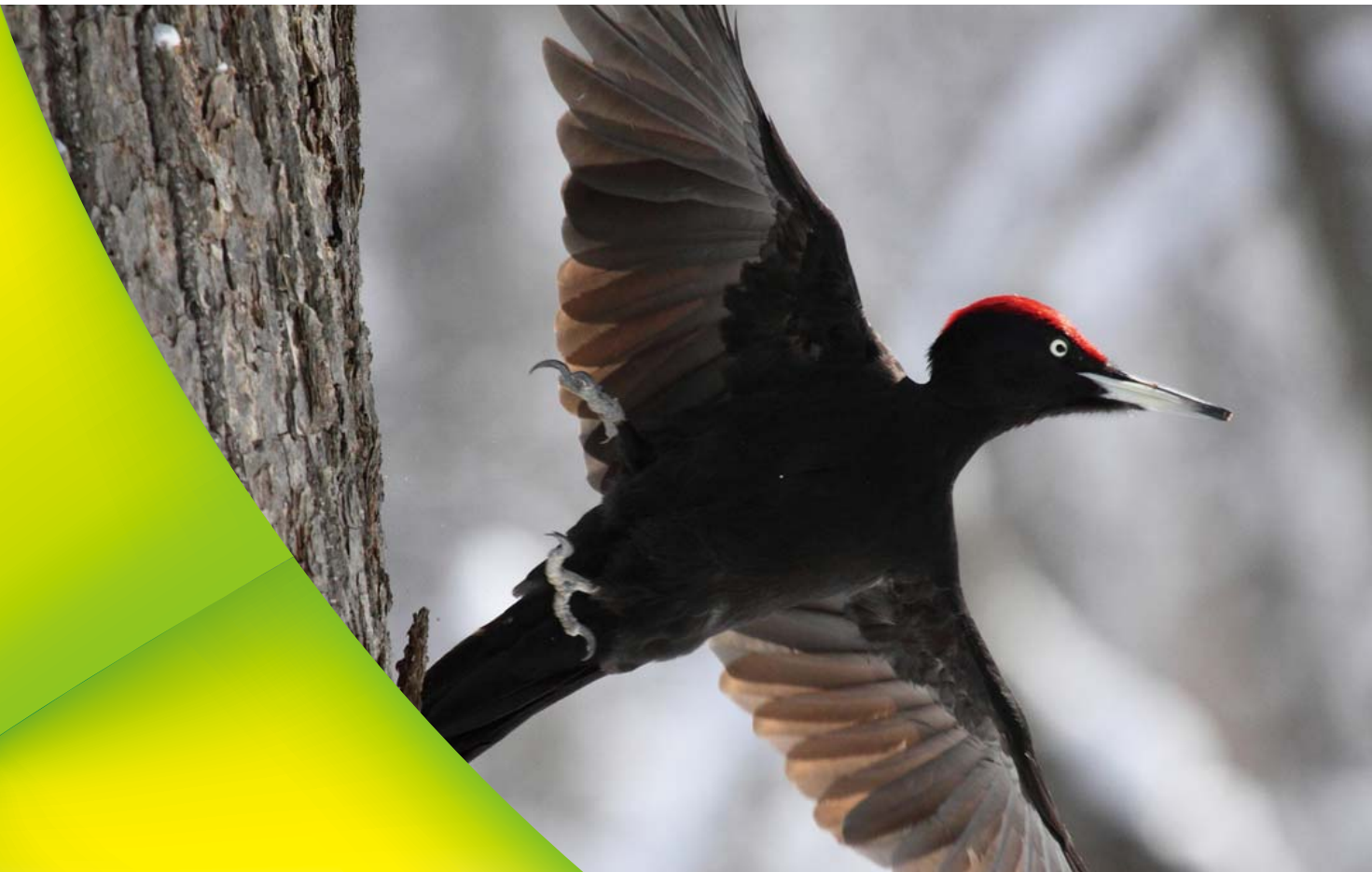




SUMITOMO MITSUI TRUST HOLDINGS

SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS
CSR REPORT
2013



Management Principles ("Mission")

- (I) Swiftly provide comprehensive solutions to our clients by fully utilizing the significant expertise and comprehensive capabilities.
- (II) Adhere to the principles of sound management based on a high degree of self-discipline with the background of "Trustee Spirit" and establish strong credibility from society.
- (III) Strive to fulfill all shareholder expectations by creating distinct values through fusing the various functions featuring the trust bank group.
- (IV) Offer a workplace where the diversity and creativity of its employees are more fully utilized to add value to the organization and where employees can have pride and be highly motivated in fulfilling their missions.

Ideal Model ("Vision") —Towards "The Trust Bank"—

Based on the "Trustee Spirit" and with significant expertise and comprehensive capabilities, Sumitomo Mitsui Trust Group will create distinct values by leveraging a new business model, combining its banking, asset management and administration, and real estate businesses, and will move onto the global stage as a leading trust bank group which boasts the largest and highest status in Japan.

Codes of Conduct ("Value")

In order to pursue the Management Principles of Sumitomo Mitsui Trust Group, the executives and employees commit themselves to comply with the six Codes of Conduct described below.

Completely Client-oriented—Truthfulness and Loyalty

We will adhere to the highest degree of "Truthfulness and Loyalty" as well as credibility and sureness, and will carry out all our responsibilities for client satisfaction and comfort as our top priority.

Contribution to Society—Dedication and Development

We will remain dedicated in all our efforts, with "Frontier Spirit," and continue to contribute to society.

Realization of Organizational Capability—Trust and Creativity

We will realize our organizational capabilities with full of mutual trust and creativity through improvement by mutual learning and continuous personal transformation of various people who share the enthusiasm for trust.

Establishment of Individuality—Self-help and Self-discipline

With a spirit of self-help and self-discipline as well as a sense of ownership, we will carry out our responsibilities.

Strict Compliance with Applicable Laws and Regulations

We will strictly comply with all applicable laws, rules and regulations, and will ensure that all our corporate activities meet the highest standards of social norms.

Resolute Stance against Antisocial Forces

We will continue to take a resolute stance against antisocial forces, which may threaten public order and the security of civil society.



Symbol Mark

The symbol mark features "Future Bloom" representing the vision of Sumitomo Mitsui Trust Group, which is "to generate new value through the combination of significant expertise and comprehensive capabilities, and to help the future of our clients and society bloom."



Corporate Color

The corporate color is "Future Blue," which represents the integration of the sense of value that the symbol mark implies, and evokes the closeness and the future.

Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy)

At Sumitomo Mitsui Trust Group, based on our Management Principles ("Mission"), our Ideal Model ("Vision") and our Codes of Conduct ("Value"), we respect dialogue with all stakeholders, such as clients, shareholders, investors, employees, business partners, local communities, NPOs, government authorities and international institutions, and play an active role in building a sustainable society.

1. Contribute to Solving Social and Environmental Problems through Business

- We work to solve social and environmental problems from a global perspective through our core businesses.
- We integrate the diverse functions that are unique to a trust bank group and develop new business models and innovative products and services to help solve social and environmental problems.

2. Serve Clients with Sincerity

- We strive to provide in-depth explanations and proposals so that clients can fully understand the details of our products and services. In addition, we make efforts to quickly meet the demands of clients and link their feedback to business improvements and product and service enhancement.
- We strive to undertake meticulous management of client information.
- We engage in educational and awareness-raising activities by cooperating with educational institutions, government authorities, NPOs, etc., to enable clients to take the lead in rationally selecting financial products and building sound assets.

3. Earn the Trust of Society

- We strictly adhere to all laws, regulations and rules, and conduct our activities in a sincere and fair manner that conforms to societal norms.
- We build sound and proper relationships with stakeholders, and fulfill our responsibilities as a member of society, engaging in fair competition and appropriate disclosure of corporate information, etc.
- We maintain a resolute stance against antisocial forces which threaten public order and safety, and work to prevent improper use of financial functions by organized crime.

4. Address Environmental Issues

- We aim to build a low-carbon society, a natural symbiosis society which fosters biodiversity, and a circulatory society, and will work to solve problems which obstruct these aims through our core businesses by cooperating with various stakeholders.
- We work on energy and resource conservation to reduce the environmental burden caused by our own activities.

5. Respect the Individual

- We respect individual rights and diverse values, rejecting unjustifiable acts of discrimination in all our activities.
- We create a safe and pleasant workplace environment, respect employees' diverse ways of working, and strive to achieve work-life balance.
- We work to develop the skills of employees and strive to build sound minds and bodies.

6. Participate in and Contribute to the Community

- We aim to revitalize the community and build a rich living environment in cooperation with various partners in all communities where we engage in corporate activities, through our business activities and social contribution such as educational and cultural activities.

Editorial Policy

Editorial Policy of the Corporate Social Responsibility (CSR) Report

This CSR report, as did our 2011 and 2012 reports, adopts as a vantage point “Creating Shared Value (CSV),” a concept propounded by Professor Michael E. Porter of Harvard Business School, and references the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines that were released in May 2013.

To avoid confusion between the materiality concepts in CSV and the G4 Guidelines, we changed our terminology for CSV from “materiality” to “processes” (processes that lead to CSV). Our use of the term “materiality” in this report is, therefore, consistent with the G4 Guidelines usage.

In response to readers’ various needs, we publish our CSR report in three styles: a full report, a digest report, and feature booklets on *Climate Change*, *Natural Capital*, *Responsible Investment*, and *Environmentally Friendly Property*. Please visit our website to view our other CSR initiatives.

* We have attached a questionnaire at the end of this report so that we can receive the forthright opinions concerning this report and the Group’s CSR activities. Please feel free to use this questionnaire to inform us of your opinions and impressions.

Scope of This Report:

Sumitomo Mitsui Trust Group (comprised of Sumitomo Mitsui Trust Holdings, Inc., Sumitomo Mitsui Trust Bank, Limited, and other group companies)

Target Readers:

All stakeholders, including customers, shareholders and investors, employees, business partners, local communities, NPOs, governments, international institutions, etc.

Period Covered by This Report:

October 1, 2012 to September 30, 2013

* This report also includes the latest information on activities before fiscal year 2012 and after October 2013.

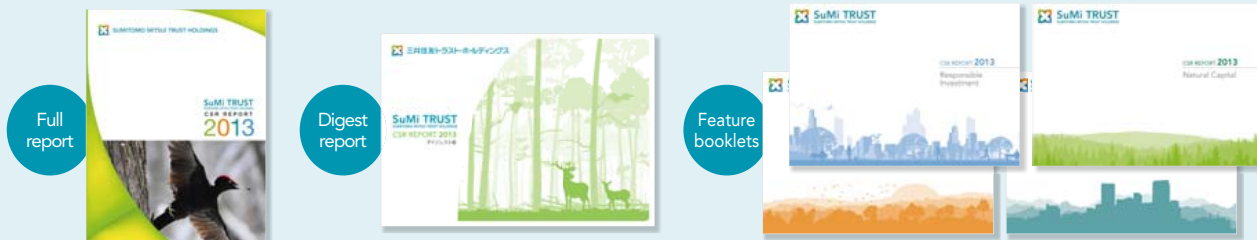
Reference Guidelines:

GRI (Global Reporting Initiative)

“G4 Sustainability Reporting Guidelines”

* For tables comparing GRI guidelines and information in our CSR report, please refer to the section from page 108.

In response to reader needs, our CSR report is available in three styles.



Our website carries extensive information on the CSR activities that Sumitomo Mitsui Trust Group does not cover in this report.

Specifically, this website provides more detailed information on our initiatives related to the issues of environmentally friendly property, biodiversity and socially responsible investment (SRI).



CSR in Sumitomo Mitsui Trust Group
<http://smth.jp/en/csr/index.html>

We issue a regular report on social contribution activities (“With You” activities).

The quarterly journal “With You” reports on the “With You” social contribution activities of SMTH branches across Japan.



Sumitomo Mitsui Trust Group is working for biodiversity conservation, including protection of rare species.



Cover photo: Black woodpecker
[Dryocopus martius]

The black woodpecker is listed as an endangered species. The Group designates a public interest organization that promotes the National Trust movement that aims to purchase land that forms the natural habitat of endangered species as one of the recipients of donations from its social contribution donation trust.

CONTENTS

Management Commitment	4
Creating Shared Value through Strategic CSR	6
Related Pages on United Nations Global Compact, Sustainability Policy, and ISO 26000	7
Identifying Materiality	8
Our Business Model	10
Status of Group Businesses	11

Process 1

CSR Activities that Create New Financial Businesses 12

Banking	Addressing Climate Change Using Financial Capabilities	14
	Addressing Natural Capital Using Financial Capabilities	24
	Addressing the Issues of a Super-Aging Society by Using Our Financial Functions	34
	Towards the Solution of Social Issues	40
Asset Management and Administration	ESG-themed Initiatives in Our Asset Management Businesses	46
Real Estate	ESG-themed Initiatives in Our Real Estate Businesses	58

Process 2

CSR Activities for Improving the Alignment of Our Business Activities with Society 68

Corporate Governance, Internal Control	70
Compliance System	78
Efforts to Conduct Fair Business Activities	80
Risk Management	81
Human Rights and Sumitomo Mitsui Trust Group	87
Employees and Sumitomo Mitsui Trust Group	90
Environmental Burden Reduction Initiatives	93
Initiatives to Earn the Trust of Clients	97

Process 3

CSR Activities to Enhance Trust and Strengthen the Business Base 100

Activities across Japan	102
Initiatives to Promote "With You" Activities	104
CSR of Sumitomo Mitsui Trust Group:	
Accession to International Guidelines for Corporate Conduct, etc., and Related Activities	107
GRI Content Index	108
Financial Highlights	115
Basic Information of Sumitomo Mitsui Trust Group	116

Process 1

CSR Activities that Create New Financial Businesses



Process 2

CSR Activities for Improving the Alignment of Our Business Activities with Society



Process 3

CSR Activities to Enhance Trust and Strengthen the Business Base



Management Commitment

We will contribute to building a sustainable society, with the aim of becoming the foremost sustainability bank.



Kunitaro Kitamura
President

Hitoshi Tsunekage
Chairman

Introduction

In recent years, the international community has faced increasingly serious threats to the sustainability of human kind, such as resource depletion, population explosion, climate change, and biodiversity loss. Companies with significant impact on the global economy are starting to recognize that corporate social responsibility (CSR) is a critical management issue on sustainable growth rather than an externally derived social obligation expectation of social role. Since the United Nations Principles for Responsible Investment (UN PRI) was established in 2006, the concept of CSR has been renamed Environment (E), Society (S), and Governance (G), or ESG in various areas as well as in the finance industry. A growing number of investors, mainly European institutional investors, factor ESG into their investment criteria to decide which companies they select. Given the growing influence of such foreign institutional investors, we think it is important for Japanese companies to move swiftly to address ESG issues.

Integrating Business Processes and ESG

At Sumitomo Mitsui Trust Holdings (SMTH), we closely examine ESG risks from the viewpoint of stakeholders and factor these risks into our business processes.

Regarding the “environment” in ESG risks, we already put into place a control structure in our environmental management having obtained ISO14001 certification for key sites. We also launched the ESG Risk Control Committee that brings people throughout SMTH together to bolster our response to these risks across our operations including credit functions and our supply chain.

With the progress of our stepped-up expansion overseas, largely in Asia, human rights issues including problems in developing countries should be addressed in our global outlook. We, therefore, newly formulated the Human Rights Policy and established a structure to enhance group-wide initiatives under the Human Rights Due Diligence Project Team.

Furthermore, we believe initiatives to resolve ESG issues can lead to new business opportunities. Our Group has sought to promote CSV (Creating Shared Value) that pursues both social value and companies' economic value simultaneously. Recently, SMTH developed the world's first financial product to consider natural capital the Environmental Rating Loan with Evaluation of Natural Capital Preservation.

In addition, we commenced in-house training courses on gerontology, in view of the importance of increasing the knowledge of our employees about problems arising in a super-aging society without parallel elsewhere in world.

Revising Our Reporting

For ESG initiatives such as those discussed above, now we disclose information to stakeholders is important. In the international field, new concepts with the potential to transform past corporate reporting have emerged, such as integrated reporting and the Global Reporting Initiative's G4 Sustainability Reporting Guidelines (GRI/G4).

Our Group is among those who have substantially revised their CSR reports this fiscal year. Redefining materiality first is in need of addressing because of its impacts on stakeholders, and we reviewed the disclosure content based on GRI/G4 processes. We also published feature booklets on four themes that we consider important from a CSV perspective—climate change,

natural capital, environmentally friendly property, and responsible investment—to provide more extensive disclosure on our business operations. These booklets adopted the thinking behind integrated reporting to disclose the relevance of financial and non-financial data in ways that enable comparisons.

In Closing

A decade has passed since 2003 that was called the start year of CSR adoption for Japanese companies. Many companies now profess to perform CSR activities in their core businesses and are working to sincerely address and resolve social issues. In this flow of time, SMTH will address ESG issues more swiftly than other companies as a leader, as we aim to be the "foremost sustainability bank" that contributes to the creation of a sustainable society. We look forward to your warm continued support and cooperation in these endeavors.

February 2014



Hitoshi Tsunekage, Chairman



Kunitaro Kitamura, President

Creating Shared Value through Strategic CSR

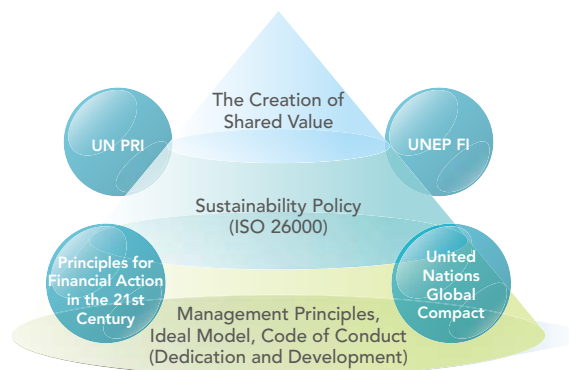
The Cornerstone of “Creating Shared Value (CSV)”

“Creating Shared Value” is the concept of companies creating social value by addressing society’s needs and challenges while simultaneously creating their own economic value.

Sumitomo Mitsui Trust Group’s (the “Group”) pursuit of CSV is based on its Management Principles (“Mission”), Ideal Model (“Vision”), and Codes of Conduct (“Values”), as well as its Sustainability Policy—its basic policy on social responsibility. These policies identify our approach to creating economic value and social value.

Furthermore, the Group is a signatory to the United Nations Global Compact, a global policy framework for corporate sustainability, and the “Principles for Financial Action towards a Sustainable Society (Principles for Financial Action in the 21st Century),” a set of voluntary guidelines established by Japan’s major financial institutions. The Group aims to create shared value while respecting these principles and guidelines, including the above two, related to social responsibility.

Process of Creating Shared Value





Creating Shared Value through Three Kinds of Process

We classify processes for realizing CSV into three categories. These are: (1) creating new financial businesses to contribute to resolving social problems; (2) reinforcing our corporate foundation by improving our social compliance in everyday business activities; and (3) enhancing stakeholders’ trust placed in the Group through active participation in social activities and strengthening our business base. The Group is working to promote strategic initiatives in these areas.



Related Pages on United Nations Global Compact, Sustainability Policy, and ISO 26000


The UN Global Compact's Ten Principles

	Principles	Relevant pages
 Human rights	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and	87-89
	Principle 2 Make sure that they are not complicit in human rights abuses.	
 Labor	Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	90-92
	Principle 4 The elimination of all forms of forced and compulsory labor;	
	Principle 5 The effective abolition of child labor; and	
	Principle 6 The elimination of discrimination in respect of employment and occupation.	
 Environment	Principle 7 Businesses should support a precautionary approach to environmental challenges;	14-33, 93-96
	Principle 8 Undertake initiatives to promote greater environmental responsibility; and	
	Principle 9 Encourage the development and diffusion of environmentally friendly technologies.	
 Anti-corruption	Principle 10 Business should work against corruption in all its forms, including extortion and bribery.	80

Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy)

Policy	Relevant pages
1. Contribute to Solving Social and Environmental Problems through Business	12-67
2. Serve Clients with Sincerity	97-99
3. Earn the Trust of Society	70-80
4. Address Environmental Issues	14-33, 93-96
5. Respect the Individual	90-92
6. Participate in and Contribute to the Community	100-106

Seven Core Subjects addressed in ISO 26000

Core subjects	Issues	Relevant pages
 Organizational governance	Organizational governance	70-79, 81-86
 Human rights	Due diligence/Human rights risk situations/Avoidance of complicity/Resolving grievances/Discrimination and vulnerable groups/Civil and political rights/Economic, social and cultural rights/Fundamental principles and rights at work	87-89
 Labor practices	Employment and employment relationships/Conditions of work and social protection/Social dialogue/Health and safety at work/Human development and training in the workplace	90-92
 The environment	Prevention of pollution/Sustainable resource use/Climate change mitigation and adaptation/Protection of the environment, biodiversity and restoration of natural habitats	14-33, 93-96
 Fair operating practices	Anti-corruption/Responsible political involvement/Fair competition/Promoting social responsibility in the value chain/Respect for property rights	80
 Consumer issues	Fair marketing, factual and unbiased information and fair contractual practices/Protecting consumers' health and safety/Sustainable consumption/Consumer service, support, and complaint and dispute resolution/Consumer data protection and privacy/Access to essential services/Education and awareness	97-99
 Community involvement and development	Community involvement/Education and culture/Employment creation and skills development/Technology development and access/Wealth and income creation/Health/Social investment	100-106

See pages 8-9 for processes to identify materiality of disclosure content based on fourth-generation Global Reporting Initiative (GRI G4) sustainability guidelines; see pages 108-114 for the GRI guidelines Reference Table.

Identifying Materiality

The Group referenced the Global Reporting Initiative's G4 Sustainability Reporting Guidelines in assembling this report.

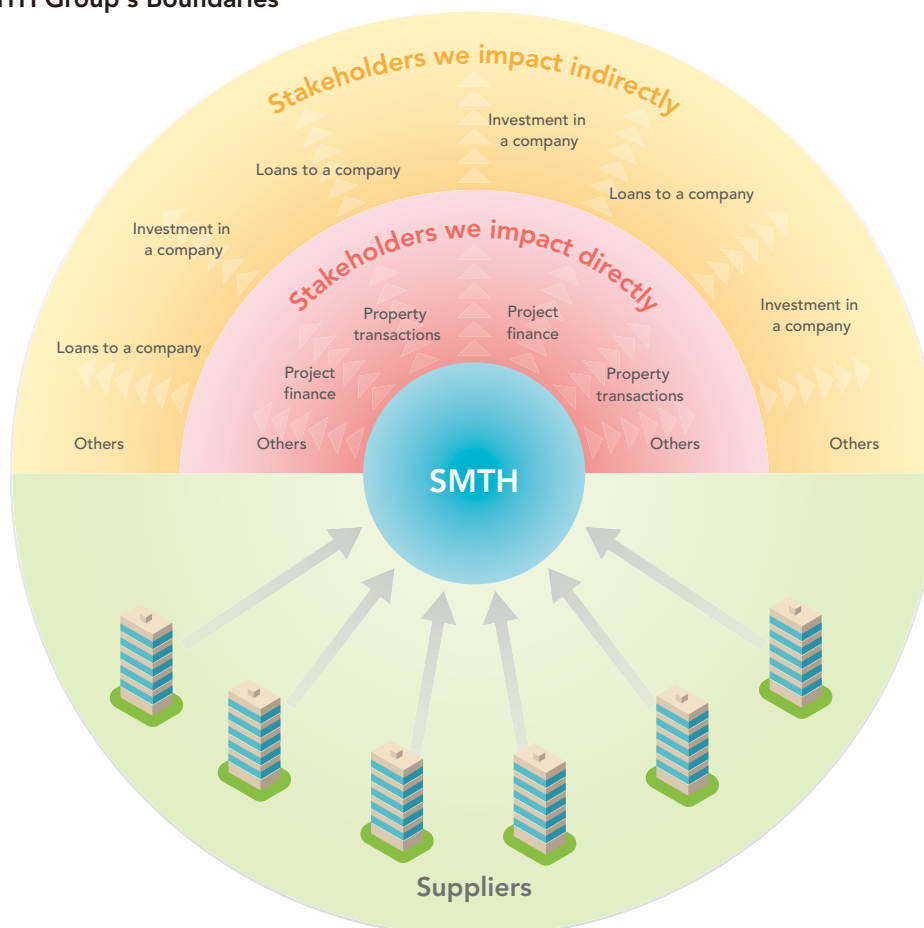
In working out disclosure items for reporting, we checked all the specific standard disclosure items in the GRI/G4 Guidelines and also ESG-related questionnaires provided by various surveying organizations, in addition to disclosure items presented in reporting until the year before. We strove to include information about these items in our report.

Setting Boundaries

The Group identifies "boundaries" as below:

- (1) Companies belonging to the Group;
- (2) Suppliers providing services, equipment, or office supplies to the Group; and
- (3) Stakeholders we impact through our Group businesses:
 - (a) Direct-impact businesses (e.g. project finance, property transactions)
 - (b) Indirect-impact business (e.g. loans to and investments in companies)

The SMTH Group's Boundaries

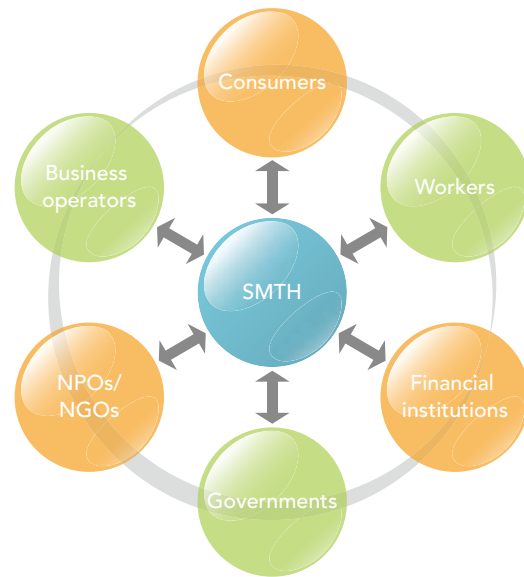


Dialogue with Stakeholder

Various sections at SMTH have strategic discussions with business operators, consumers, workers, financial institutions, governments, and NPOs and NGOs across various stages. Thus, the Group works to communicate with stakeholders.

In determining disclosure items, the Group analyzed how the Group had impacts on stakeholder groups and what kinds of roles we were expected to play to take such factors into account based on the principle of stakeholder inclusiveness.

We collected “the voice of customers,” “the voice of shareholders and investors,” “the voice of employees,” and other voices through the Group contacts, as well as actively participated in debates at multi-stakeholder forums to exchange views with stakeholders. Furthermore, we met separately with NPOs to conduct hearings on distinct themes.



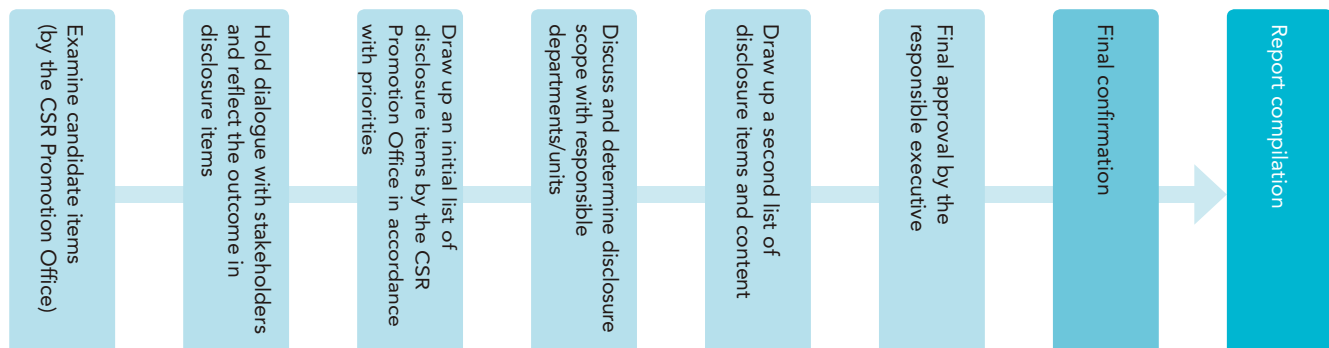
Major meetings in which SMTH participated in 2013

Date	Participating organizations, speaker/lecturer	Information obtained through the dialogue
9 August 2013	Yasushi Hibi, Japan Representative, Yoji Natori, Ecosystem Policy Manager, Conservation International Japan	The Group introduced its environmental initiatives on natural capital and others while exchanging views with participants. We received very valuable feedback on the direction financial institutions ought to go based on global trends.
22 August 2013	Kazuyuki Tsuchiya, A SEED Japan Yuki Tanabe, Program Coordinator (Sustainable Development and Aid Programs), JACSES	Based on the latest trends in Europe and elsewhere, participants showed us what the citizen sector seeks from banks in terms of social and environmental responsibilities. Suggestions where the Group's initiatives are insufficient was very informative.
13 September 2013	Reiko Taniguchi, Amnesty International Japan Makoto Teranaka, Visiting Professor, Faculty of Contemporary Law, Tokyo Keizai University	We were instructed on what stakeholders seek from financial institutions concerning human rights. We received valuable feedback on how to address human rights issues in loans and investment functions in particular.
18 September 2013	Platinum Society Association, Mitsubishi Research Institute Inaugural networking event for companies and NGOs with a global perspective NGO participants: Conservation International Japan, International Union for Conservation of Nature and Natural Resources (IUCN), Greenpeace Japan, Amnesty International Japan, Transparency International Japan	After presentations from each NGO, participant companies and NGOs had group discussions. We heard not only the views of NGOs but also the status of initiatives at peer companies, so this forum was a very meaningful opportunity for the Group.

Process for Determining Disclosure Items

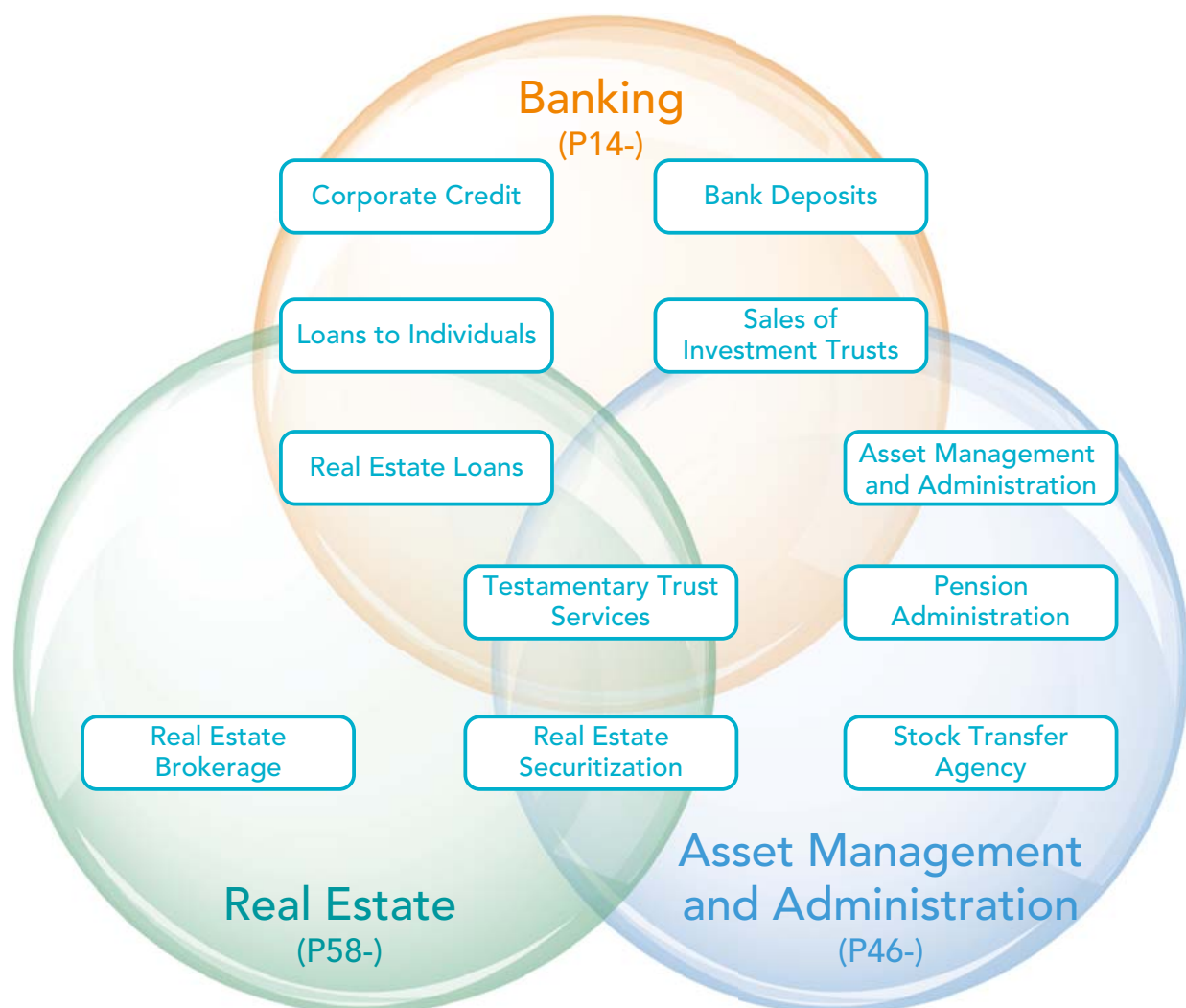
Through the processes outlined above, the Group examined which items we should disclose to select important ones. We prioritize disclosure items along the process described below.

Screening Process for Disclosure Items



Our Business Model

Based on the “Trustee Spirit” and with significant expertise and comprehensive capabilities, Sumitomo Mitsui Trust Group creates distinct values by leveraging a business model that combines its banking, asset management and administration, and real estate businesses.



Status of Group Businesses

As the largest, most prestigious trust bank group in Japan, the SMTH Group is Japan's largest asset manager and administrator, a top asset management consultant, and an industry leader in trust-bank-related businesses.

(as of end of March 2013)

Banking	Lending business/Total loan balance	Approx. ¥22 trillion	among Japanese bank groups	No.5
	Lending business/Balance of loans to individuals	Approx. ¥7 trillion	among Japanese bank groups	No.5
	Balance of investment trust and insurance sales	Approx. ¥6 trillion	among Japanese trust banks	No.1
	Entrusted balance of accounts receivable-backed securities	Approx. ¥11 trillion	among Japanese trust banks	No.2
	Testamentary-related business/Number of will trusts	22,447 cases	among Japanese trust banks	No.2

Asset Management and Administration	Assets under management	Approx. ¥63 trillion	among Japanese bank and securities company groups	No.1
	Balance of corporate pension funds	Approx. ¥14 trillion	among Japanese trust banks	No.1
	Lead manager for corporate pension funds	1,501 funds	among Japanese trust banks	No.1
	Assets under custody	Approx. ¥188 trillion	among Japanese bank groups	No.1
	Entrusted balance of investment trusts	Approx. ¥36 trillion	among Japanese trust banks	No.1
	Number of shareholders under administration (Total in the Group)	Approx. 22.81 million shareholders	among Japanese trust banks	No.2

Real Estate	Real estate business-related revenue (Total of the whole group)	Approx. ¥32.7 billion	among Japanese trust banks	No.1
	Entrusted balance of securitized real estate	Approx. ¥10 trillion	among Japanese trust banks	No.1

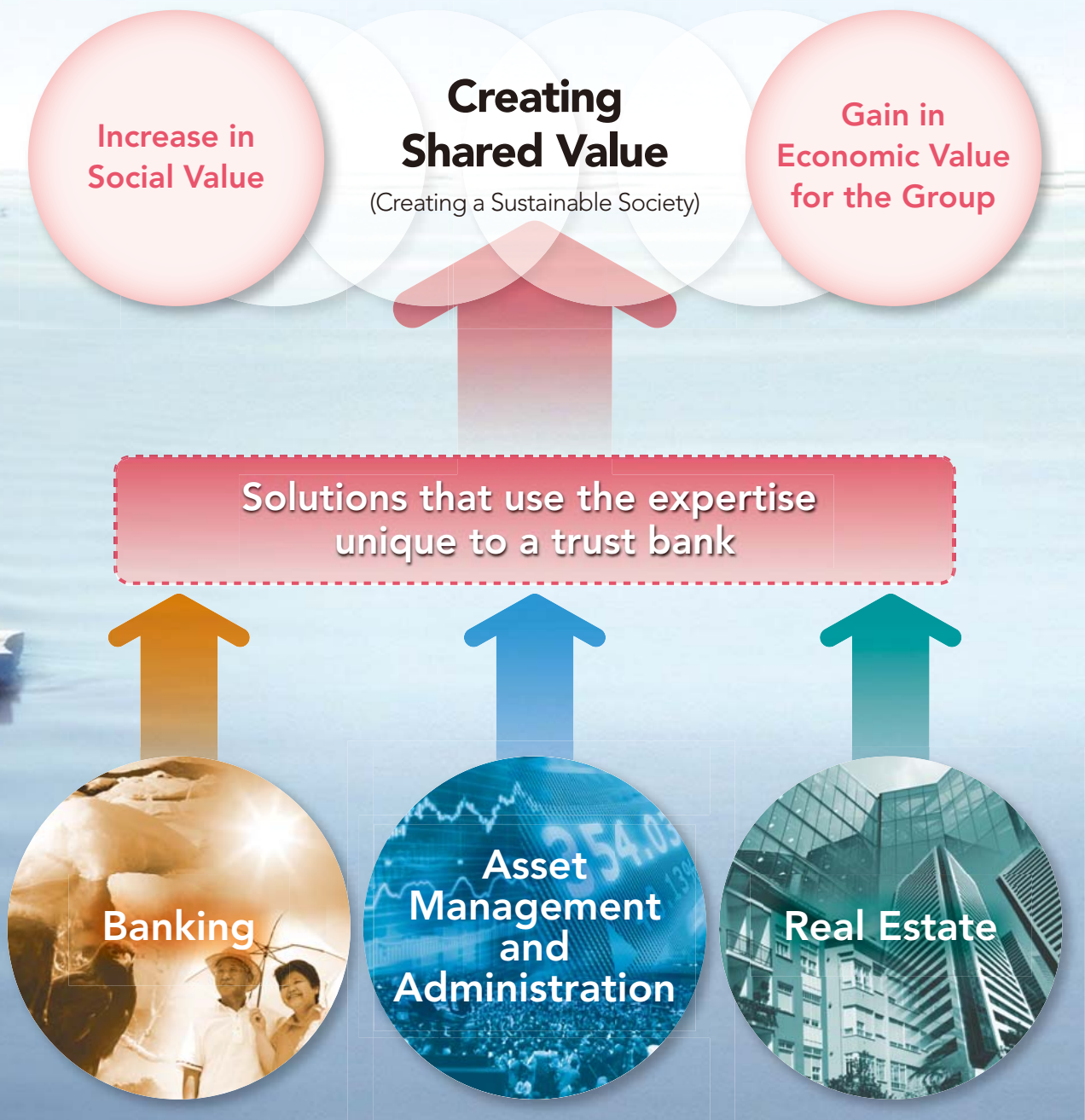
Process 1

CSR Activities that Create New Financial Businesses



Creating Shared Value

Companies are obviously expected to meet their clients' needs. However, they have to do more than responding to the apparent needs from clients to innovate business. They should recognize that solving various social problems is the needs of the society and work towards solution. This approach leads to innovation which identifies potential needs of clients before they are exposed.

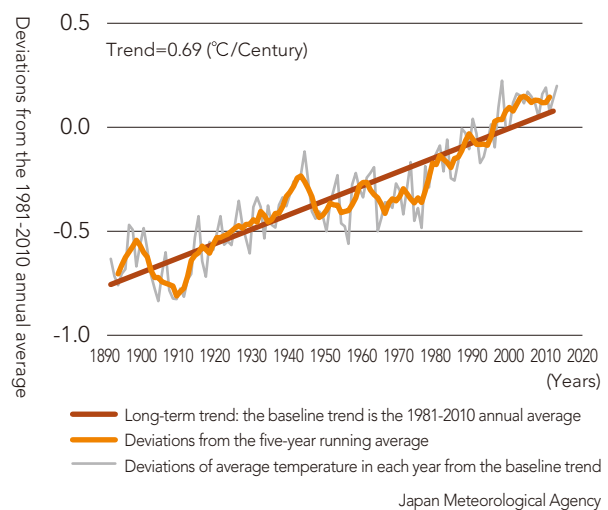


Addressing Climate Change Using Financial Capabilities

According to a study by the World Meteorological Organization, the average world temperature continues to post a record high every year. There have been many extraordinary meteorological cases in Japan and abroad: enlarged hurricanes and typhoons, more droughts and floods, melting ice on the Arctic sea, and destruction of rain forests on the global scale, in addition to floods and landslides caused by increased cataracts of rain and record-breaking summer temperatures within the country.

The Group will continue to develop high-value-added financial solutions businesses that leverage its capabilities and know-how as a trust bank.

Global average surface temperature



Sumitomo Mitsui Trust Group's Action Guidelines for Mitigating Climate Change

1. Implementation of Measures and Support to Help Mitigate Climate Change

In addition to actively taking measures to reduce greenhouse gas emissions in our own business operations, we are making efforts, as a corporate citizen, to support activities that mitigate and adapt to climate change.

2. Provision of Products and Services

We are working on developing and providing products and services that help mitigate climate change. Our financial functions are being leveraged to promote energy conservation and encourage the use of renewable energy.

3. Collaboration with Stakeholders

We engage in dialogue and cooperation with our stakeholders as we work to mitigate climate change.

4. Education and Training

We will ensure that these guidelines are fully implemented at group companies, and will actively conduct education and training to mitigate climate change.

5. Information Disclosure

We will actively disclose information related to our efforts to mitigate climate change.

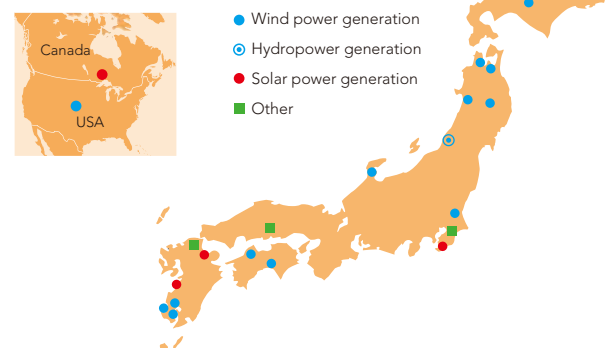
Spread and Growth of Renewable Energy Use

Renewable Energy Financing

The Group promotes the adoption of renewable energy such as wind and solar power through project finance and other measures.

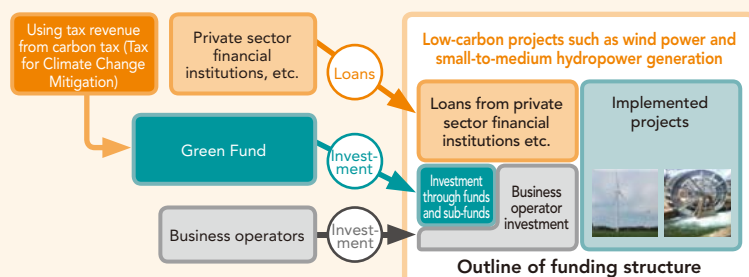
Since the introduction in July 2012 of a feed-in tariff (FIT) scheme, where electricity companies purchase power generated by renewable sources at a fixed price, there has been a rush to build mega-solar power plants throughout Japan, and plans for a considerable number of wind power, geothermal power, and small hydropower generation projects are taking shape. The Group provides support for financing to assist these efforts as well as projects overseas.

Track record of initiatives in Japan and overseas
Supplied finance for 19 sites in Japan and two overseas



Supporting Use of a Local Low-Carbon Investment Promotion Fund

A fund to promote local low-carbon investment (the Green Fund) was established in June 2013 for the purpose of promoting locally led projects that contribute to the reduction of CO₂ such as renewable energy projects. The Group collaborates with renewable energy businesses, regional banks, and other partners to support these projects.



* Green Fund investment is less than one half of a project's total investment amount.

Solar Leases

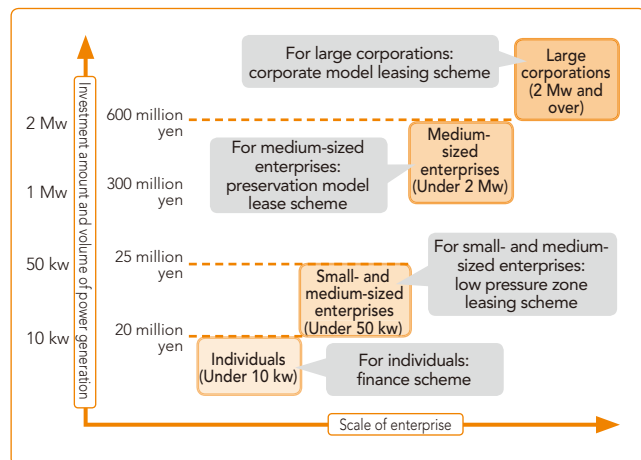
The Group supports the introduction of solar-power generation equipment, both small and large scale, through a leasing model that spans the period from planning and building through to operation.

Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. has put in place a total support structure for the series of processes involved in introduction of solar power generation systems. This structure encompasses estimating the volume of power generated, design, funding plans, consulting on system interconnections, construction, operation, maintenance and management.

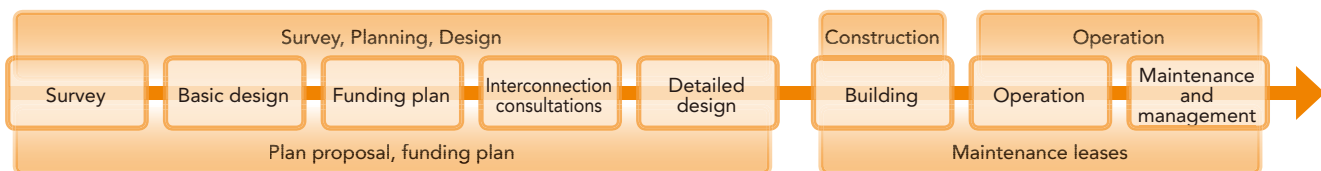
With a wide range of schemes available to suit the site and buildings supplied by clients for the installation of solar power generation equipment, we offer a one-stop service over the lease period with a choice of appropriate partners.

As of November 2013, we have provided financing for 33 large-scale solar power generating plants (including those in the planning stage).

Solar market and schemes



Flow of one-stop services



Solar Loans (Sales Finance)

The Group supports the introduction of solar power generation, Home Energy Management Systems (HEMS), household fuel cells, and storage batteries to ordinary homes.

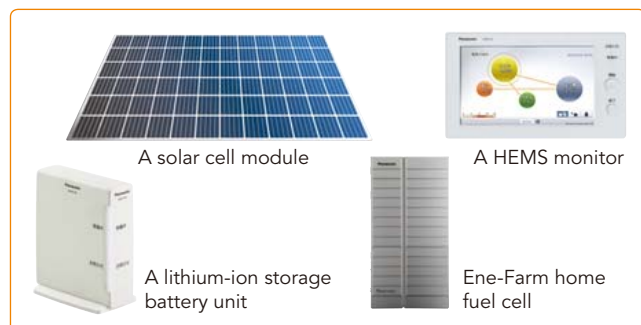
Installation of solar-power generation equipment in ordinary homes is increasing dramatically due to growing recognition of solar power generation backed by national and regional governments' subsidy systems as well as a system for purchasing surplus electricity.*

Sumitomo Mitsui Trust Panasonic Finance provides financial backing for solar power by offering solar loans in collaboration with sales agents, construction companies, and others. Solar loan provision is growing year by year, with 4.4 billion yen loaned in fiscal year 2010, 10.9 billion yen in fiscal 2011, and 14.8 billion yen in fiscal 2012. The loans are now core products in the company's renovation loan lineup.

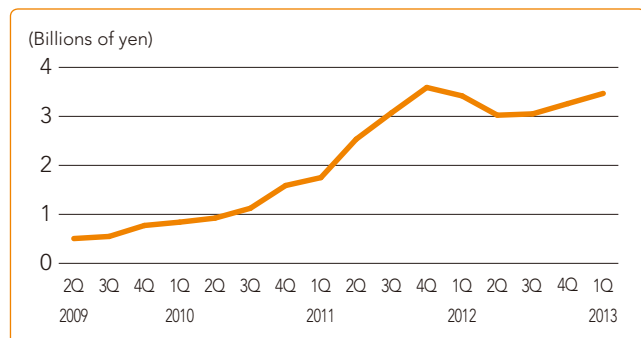
We will continue to provide financial support not only for solar power, but also for homes upgrading to smart energy by installing HEMS, household fuel cells, storage batteries and the like, and for disaster response in general.

* A system which was introduced in November 2009 where surplus electricity generated by solar power is purchased by electric power companies at a set price for a decade.

Equipment to build smart energy homes



Sumitomo Mitsui Trust Panasonic Finance solar loans by quarter



Initiatives for Leading Projects for Promoting CO₂ Reduction in Housing and Buildings

The Group promotes CO₂ reduction in evaluating buildings

The pursuit of energy efficiency in constructions is one of the most important factors in a corporate real estate (CRE) strategy from the perspective of addressing climate change and economic efficiency. The Leading Projects for Promoting CO₂ Reduction in Housing and Buildings is a system where the national government grants subsidies for pioneering construction projects whose climate change countermeasures will serve as a model for other businesses. Sumitomo Mitsui Trust Bank engages in consulting* to support such projects.

In addition, Sumitomo Mitsui Trust Bank played a leading role in developing the CASBEE Market Promotion Package version of the CASBEE environmental performance evaluation system for property, to allow investors and others to easily use the results of environmental performance evaluation that includes data on energy and greenhouse gases. Sumitomo Mitsui Trust Bank carries out consulting and other services utilizing this system.

* Our consulting service does not guarantee projects will be awarded grants under the Leading Project for Promoting CO₂ Reduction in Housing and Buildings.

CASBEE Market Promotion Package Evaluation Items on climate change

Evaluation items on energy and greenhouse gases	Evaluation points
Conformity with energy saving standards, target setting and monitoring, operation and management system	(1) Meeting energy saving standards, (2) setting targets for energy consumption volume, (3) monitoring implementation status, and (4) status of building an operation and management system
Usage and emissions intensity (calculated values)	Volume of primary energy consumption per year under normal operating conditions
Usage and emissions intensity (actual values)	Statistical positioning of volume of primary energy consumption converted from actual values for electricity, gas, etc.
Natural energy (solar power generation etc.)	Ratio against maximum volume of electrical power usage or annual energy consumption



The central branch of Yachiyo Bank



Osaki Forest Building of Toyo Seikan Group Holdings

Loans for Environmentally Friendly Housing

The Group provides housing loans to support the spread and promotion of environmentally friendly housing with features for energy saving, energy generation, and the like.

When purchasing a home or condominium, a growing number of clients prefer housing that takes the environment into account with features like high energy-saving performance and abundant greenery.

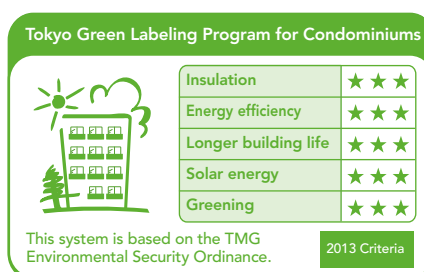
In light of such needs, Sumitomo Mitsui Trust Bank has introduced CSR standards into the housing loan interest structure to provide environmentally friendly housing loans at preferential interest rates for housing like condominiums that employ local government environmental performance evaluation systems.

We provide environmentally friendly housing loans in collaboration with five municipalities: Tokyo, Kawasaki City, Osaka Prefecture, Kobe City, and Hiroshima City. The housing evaluation systems of these governments reflect

diverse environment considerations such as improving insulation performance, introducing solar panels, gas heat pumps, and other gear, and greening the site.

In addition, Sumitomo Mitsui Trust Bank provides loan products to support the spread and growth of renewable energy use, amid growing public awareness of the need for saving energy and conserving electricity in daily life.

In December 2012, we began offering collaborative loans for new detached houses with solar power generation systems sold by PanaHome Corporation.



Example: Tokyo Green Labeling Program for Condominiums (2013 Criteria) for fiscal year 2013



Photograph courtesy of PanaHome Corporation

Finance Supporting Total Management of Smart City Energy

The Group helps implement measures by energy suppliers such as diversification of energy supplies led by electricity, gas and heat system reforms and promotion of greater renewable energy adoption including solar power. At the same time, we support measures by energy consumers such as energy management at individual buildings and in whole cities and regions to save energy, costs and CO₂ emission. We use financial functions including financing and leases and the environment performance rating system for promoting these climate change prevention activities to make the whole community realize a low-carbon society.

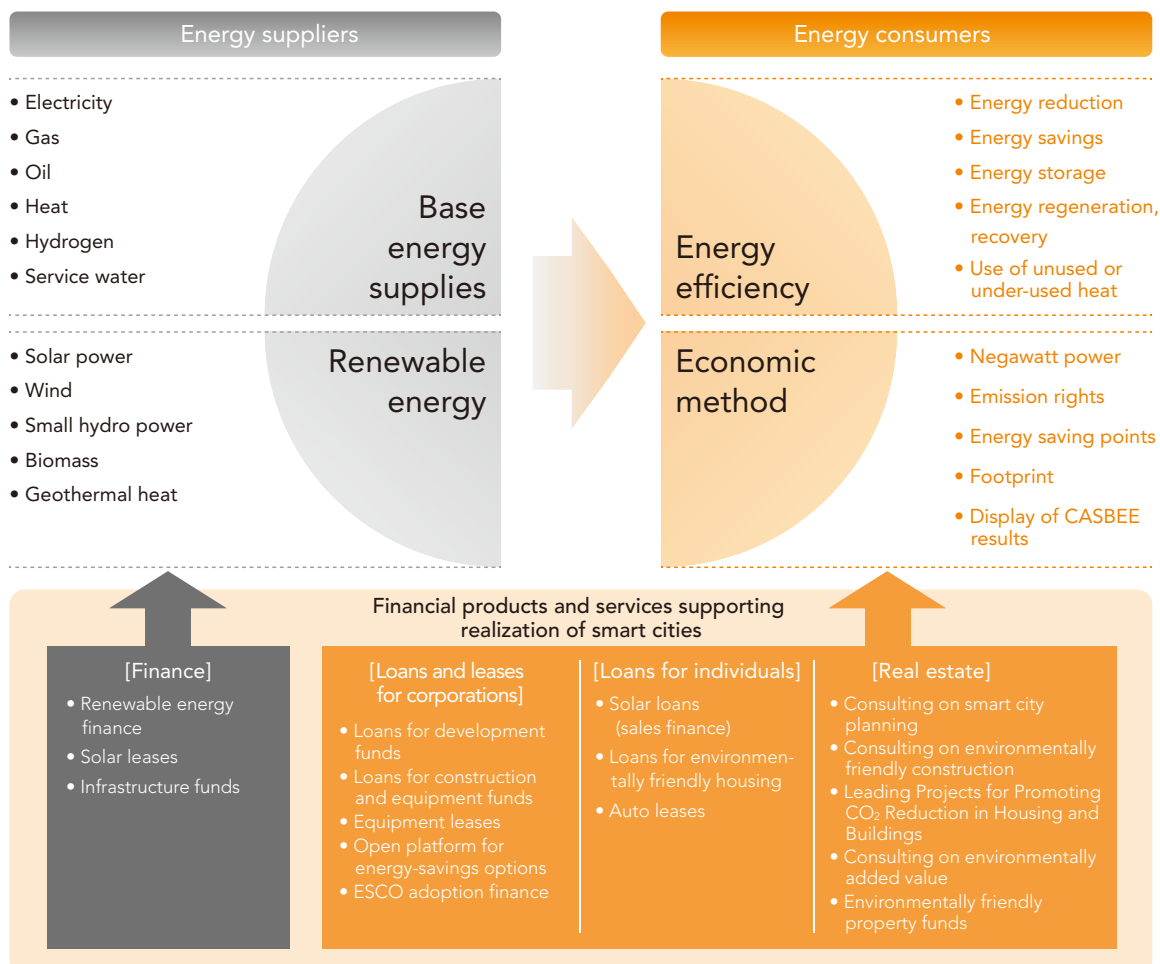
Smart cities are to mitigate the impact of the climate change through initiatives to promote efficient use of energy in various human activities including business and private living. Moreover, advanced information and communication technology helps deal with the aging society and build safe communities so that smart cities can contribute to realizing a sustainable society not only in environmental aspects but social matters.

Cooperative Initiative among Energy Suppliers/ Consumers and Financial Institutions

Energy Suppliers	Deregulating electricity/gas/heat systems Responding to diversified energy supply
	Promoting adoption of renewable energy sources
Energy Users	Total management to reduce energy use, CO ₂ emissions, and costs
	Energy town management
Financial Initiatives	Financial support with various fundings
	Use of the CASBEE* system

* The comprehensive assessment system for built environment efficiency

Smart City Energy Structure

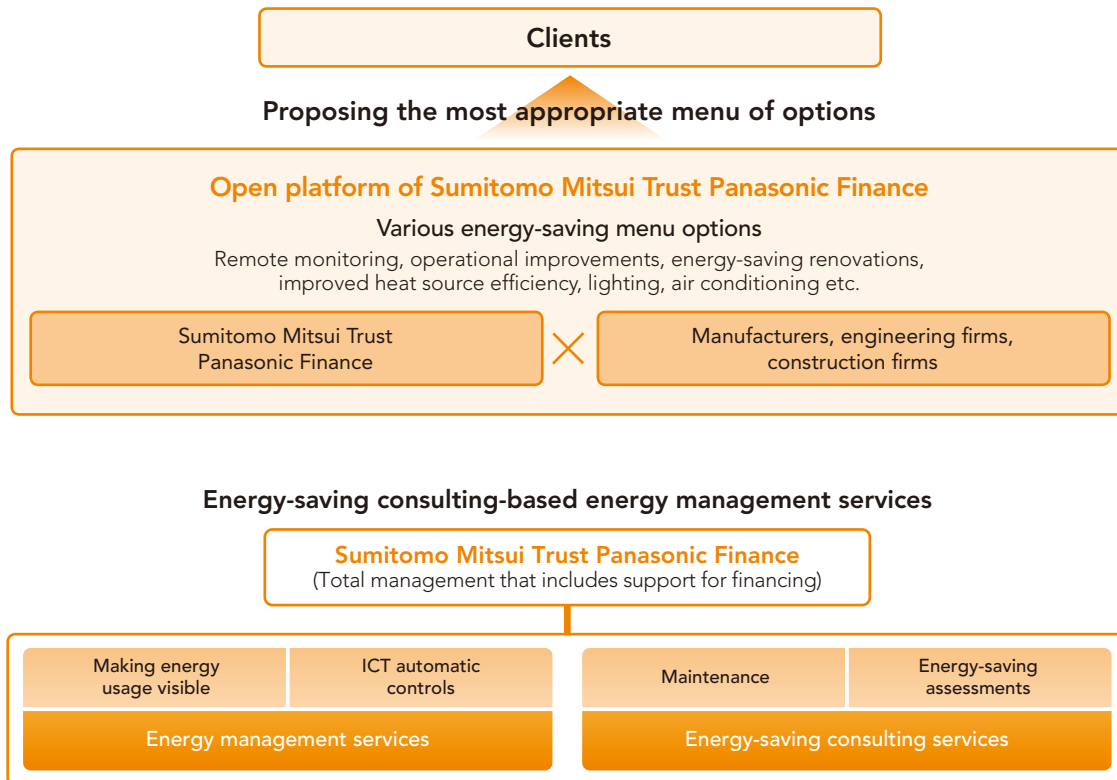


Open Platform Model for Energy-Saving Options

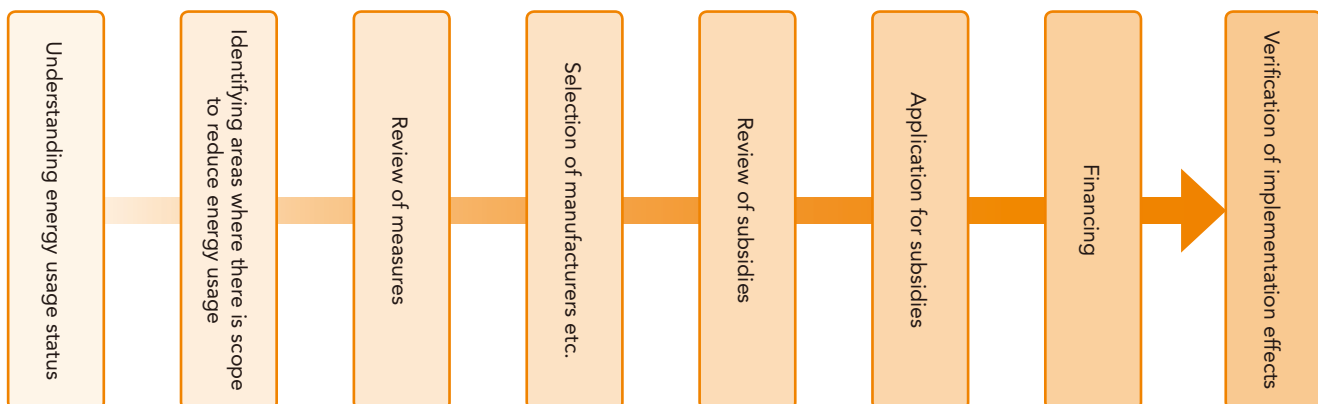
Sumitomo Mitsui Trust Panasonic Finance proposes cost structure reforms and environmental measures through energy conservation at offices, commercial facilities, and factories.

- We have a wide-ranging menu of options including both equipment investment (hardware approach) and operational improvements (software approach), using an open platform model that proposes the best combination of measures to accommodate diverse requests.

- We provide services that combine energy-saving consulting, energy management, and financing.
- We provide one-stop services covering the entire process from review of energy-saving measures to equipment selection, subsidy applications, financing, and operations. Leases with upkeep agreements are also available as a package that includes equipment maintenance services.



Sequence of one-stop services



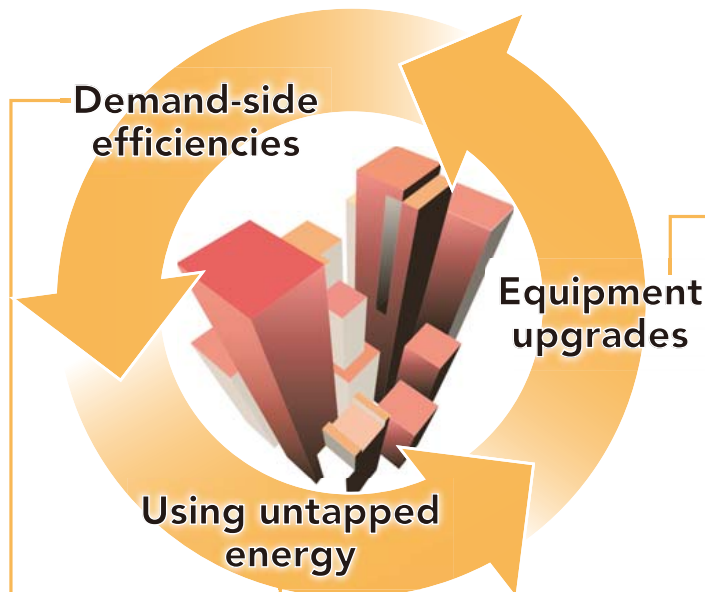
Philosophy Behind Three Energy-Saving Services Provided on the Open Platform

Sumitomo Mitsui Trust Panasonic Finance focuses on providing three energy-saving services: (1) upgrading equipment, (2) improving demand-side efficiencies, and (3) using untapped energy.

On a global scale, investment in energy-saving initiatives in monetary terms has reached a scale rivaling that of

investment in renewable energy and fossil-fuel power generation.* In Japan as well, energy-saving measures centering on these three services have significant potential to reduce more energy consumption, and ample scope for adoption.

* Source: Energy Efficiency Market Report 2013 by the International Energy Agency (IEA)



The First in Energy-Saving Service: Upgrading Equipment

Upgrading and improving old equipment and converting to new systems reduce energy consumption.

Air conditioning and lighting

- More efficient air conditioning
- Switching to LED lighting



Boilers

- More efficient boilers

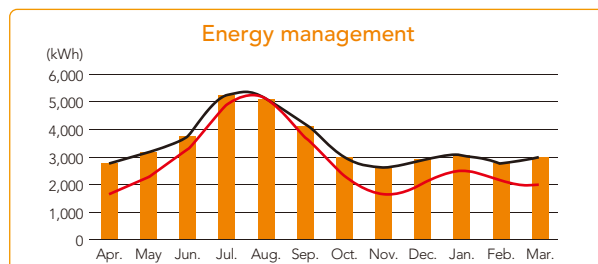
Storage batteries

- Introduction of lithium-ion storage batteries



The Second in Energy-Saving Service: Improving Demand-side Efficiencies

Enhancing insulation performance and reducing peak demand improves demand-side energy consumption efficiency.



Heat insulation for roofs, exterior walls, and interior walls

- Insulation coating



Film



Glass film reduces absorption of radiant heat

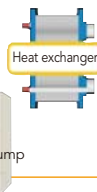
Insulation effect

The Third in Energy-Saving Service: Using Untapped Energy

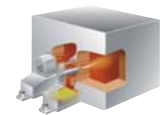
Recovering unused energy that has not been captured so far can improve energy efficiency.

Recovering exhaust heat

- Factory exhaust heat
- Heat from hot springs

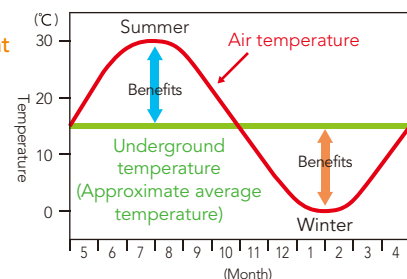


Regenerative burner



Use of geothermal heat

- Geothermal heat usage
- Groundwater usage



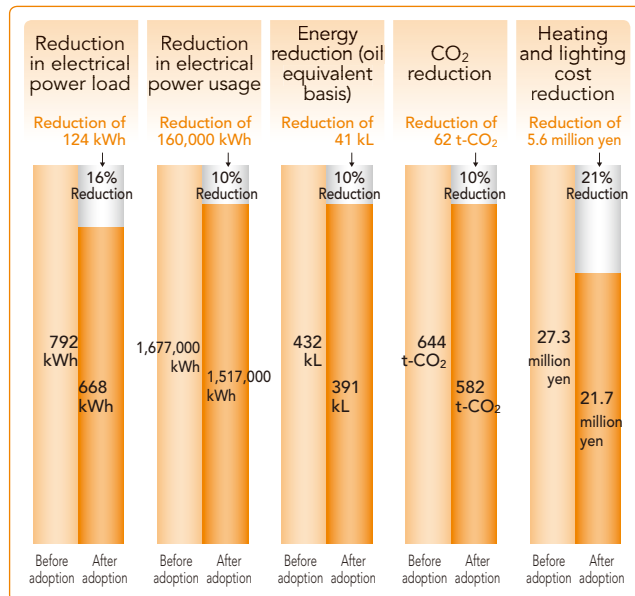
Source: Geo-Heat Promotion Association of Japan website

Energy Cost Reduction at a Factory: a Proposal Case

Adoption Effects

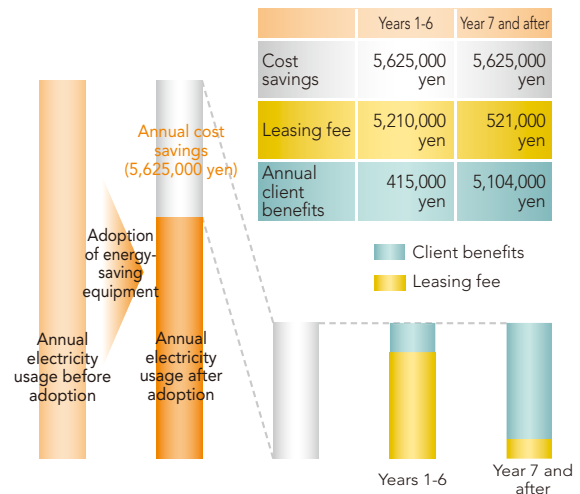
1. Potential reduction of about 16% of the total electrical power load (peak load)
2. Potential reduction of about 10% of the total volume of electrical power use
3. Reduction of about 21% of total heating and lighting costs (running costs)

Effects of reduction in heating and lighting costs, volume of energy use, and environmental impact



Benefits of using a lease

Using a lease can level out the funding burden with no initial investment.



Energy Cost Reduction at a Commercial Facility: a Proposal Case

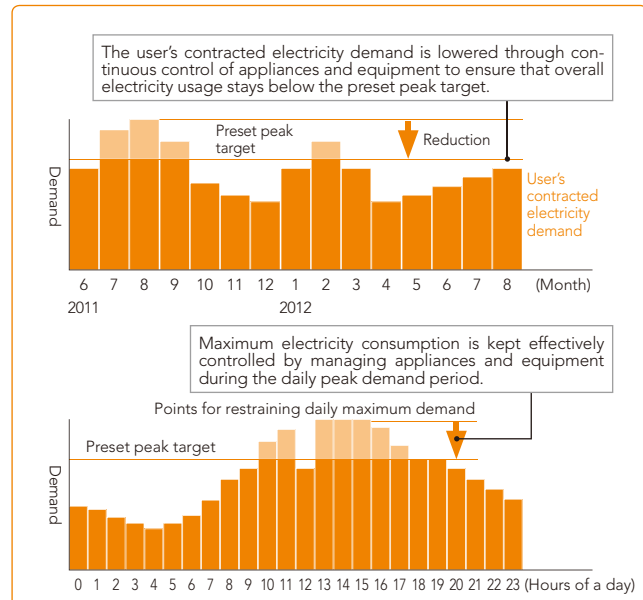
Adoption Effects

1. Potential reduction of 70% of electrical power usage via the use of inverters for secondary regulators of hot/cold water pumps
2. Potential reduction of 50% of electrical power usage by upgrading lights
3. Potential reduction of 13 million yen in annual heating and lighting costs (running costs)

Electrical power reduction effects

Energy-saving measures	Reduction effects			
	Type of energy etc.	Energy reduction (kWh)	Cost savings (yen)	CO ₂ reduction (t-CO ₂)
1. Switch to system using inverters to regulate pumps	Electrical power	530,000	8,003,000	294
2. Operate air conditioning systems with automatic air volume control	Electrical power	24,000	362,400	13
3. Upgrade lighting to fluorescent bulbs	Electrical power	213,000	3,216,300	118
4. Upgrade lighting to mercury quartz lamps	Electrical power	13,000	196,300	7
5. Switch to motion sensors or manual operation of power facilities	Electrical power	23,400	353,340	13
6. Change temperature settings	Electrical power	82,000	1,238,200	45
7. Introduce electrical power demand controllers	Electrical power	—	—	—
Total		885,400	13,369,540	490

Effects of introducing demand controllers



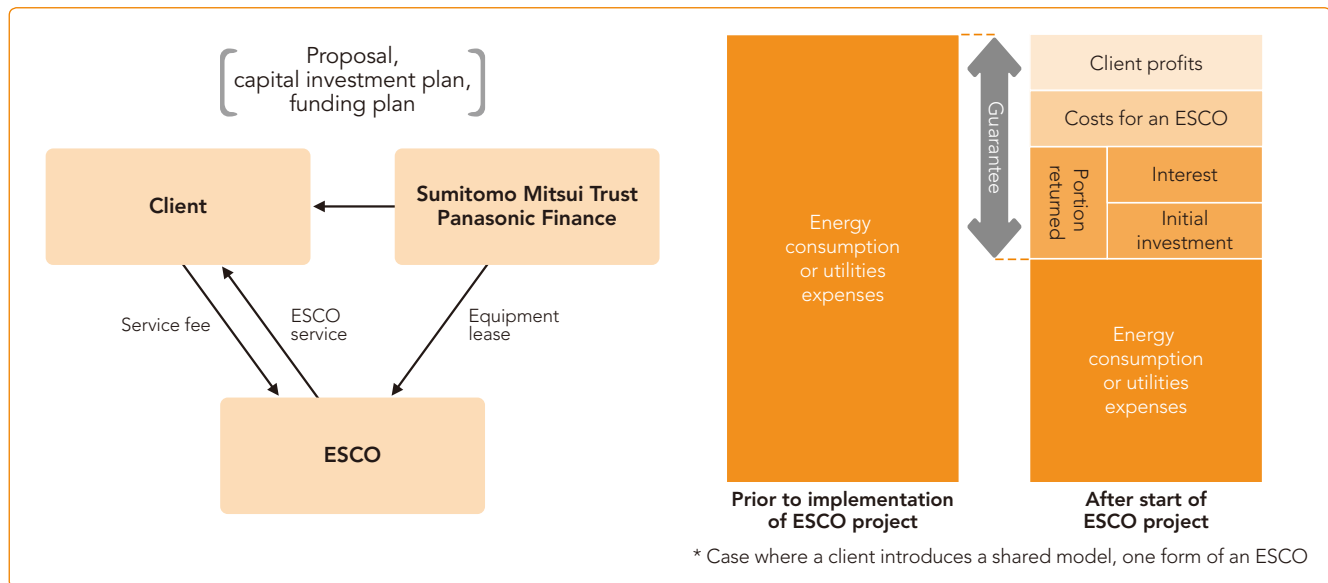
Financing for ESCO* Service Introduction

The Group collaborates with energy service companies (ESCOs) to provide comprehensive energy conservation services from installation of energy-saving equipment to maintenance and management.

The Group offers comprehensive proposals for the introduction of ESCO services for commercial facilities, factories, and other sites, combined with the use of subsidies.

* ESCOs provide comprehensive services for energy saving; their compensation comes from a portion of the guaranteed amount of savings on energy costs. In many cases, reductions in water usage are included in the service.

Outline of ESCO concept



Case of ESCO introduction at a metal printing business

The client achieved 15% energy reduction and an annual reduction in utilities costs of 25,400,000 yen through an ESCO centered on the introduction of a fanmix burner in the drying process and controlling the number of compressor units.

Industry: Printing

Capital: 22 million yen

Main equipment: 7 drying ovens,
4 compressor units, 1,500 lights

Energy composition (annual): 3,759 MWh of electricity,
about 120 tons of gas (LPG)

Utilities costs: About 110,000,000 yen

Reduction amount: About 25,400,000 yen

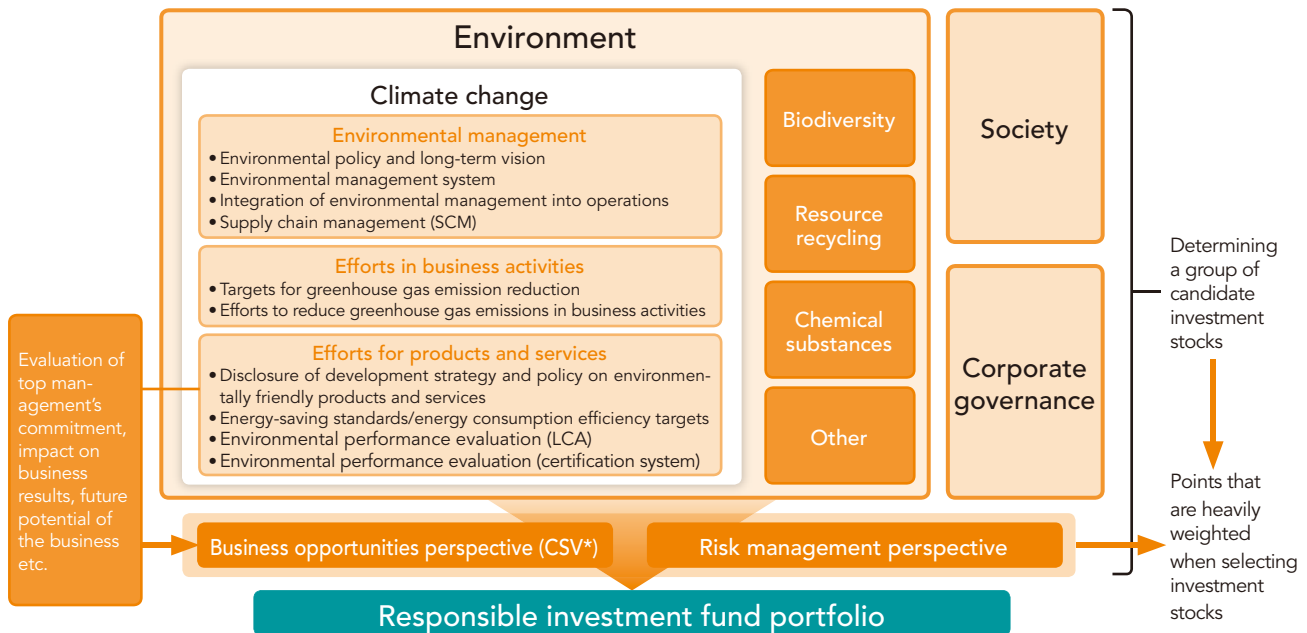
Type	Measures	Energy reduction	Energy reduction ratio	Utilities cost reduction	Capital investment	Number of years to recoup investment
		(GJ)	(%)	(Thousands of yen)	(Thousands of yen)	(Years)
Electrical system	Controlling number of compressor units	2,210	41	3,370	15,172	4.5
	LED introduction	1,070	79	1,640	6,249	3.8
	Introduction of line control system	930	16	1,480	12,976	8.8
Gas system	Introduction of energy-saving burner	7,030	20	11,860	43,507	3.7
	Introduction of control system	3,950	15	7,050	5,780	0.8
	Monitoring devices etc.				1,916	
Total		15,190	15.5	25,400	85,600	3.4

Evaluation of Corporate Climate Change Mitigation Efforts in Responsible Investment (RI)

Climate change mitigation efforts are an important evaluation item for the various responsible investment funds offered by Sumitomo Mitsui Trust Bank. When selecting

stocks for investment, we emphasize the dual perspectives of pursuing business opportunities and risk management based on the comprehensiveness of a company's measures.

Our View on Corporate Evaluation in a Responsible Investment Context



* CSV stands for "creating shared value." CSV is the philosophy of pursuing social value and corporate value together (see page 6 for specifics).

Evaluation of Corporate Climate Change Mitigation Efforts in Financing

The Group evaluates climate change mitigation efforts through an environmental rating system and measures CO₂ emissions volume in supply chain.

Environmental Rating Loans

Sumitomo Mitsui Trust Bank incorporates items on climate change and global warming mitigation efforts into the rating criteria for environmental rating loans. These loans incorporate an evaluation system not only of emission volume and measures to reduce greenhouse gases produced by business activities at the client company, but also of supply chain management in terms of climate change. The

evaluation includes whether the company has a grasp of the volume of emissions in its supply chain, and whether it promotes initiatives through the supply chain.

Clients of Sumitomo Mitsui Trust Bank's environmental rating loans can use an optional paid service for calculating the scope 3 greenhouse gas emissions upstream in their supply chain. They can use the results of this calculation for information disclosure in a carbon disclosure project (CDP) and in CSR reports. In addition, the optional service provides calculations of water usage volume and land area used in the upstream supply chain.

* See page 27 for a discussion of the concept regarding environmental rating loans.

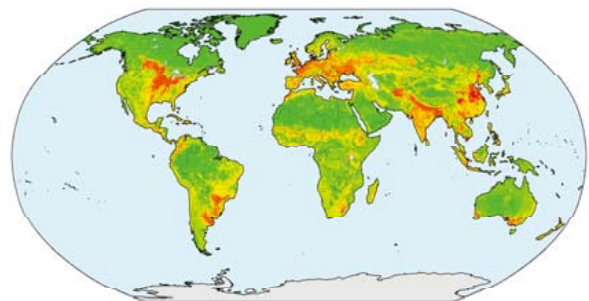
Addressing Natural Capital Using Financial Capabilities

Our lives depend on natural capital such as soil, air, water, and living creatures.

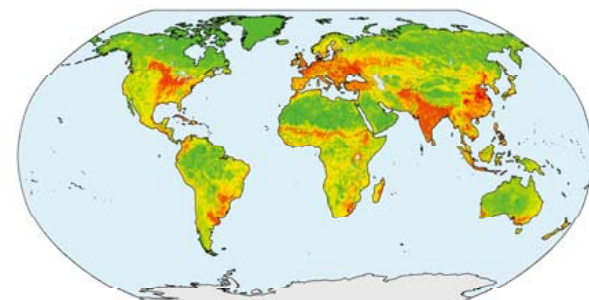
We obtain our food, drinking water, and the raw materials for industry from natural capital, and our sewage, greenhouse gases, and waste materials are cleaned up by ecosystem services that are rooted in natural capital as well. However, natural capital is not an inexhaustible resource, and human beings must use it in a sustainable way.

The Group formulated its Action Guidelines for Preserving Biodiversity, and it has strived to preserve the diversity of living creatures, an important element of natural capital. In 2012, the Group became a signatory to the Natural Capital Declaration advocated by the United Nations Environment Programme Finance Initiative (UNEP FI). The scope of our efforts was expanded to target the soil, water, and air that form the foundation of biodiversity. We will continue to develop our efforts to contribute to the maintenance and conservation of natural capital through our financial instruments and services as well as our social contribution activities.

2010 Mean Species Abundance Indicator*
(MNP, OECD EO2030, 2007 edition**)



2050 Mean Species Abundance Indicator*
(MNP; OECD EO2030, 2007 edition**)

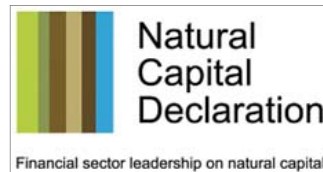


Biodiversity richness: color coding

0-10	10-20	20-30	30-40	40-50
50-60	60-70	70-80	80-90	90-100

A Signatory to the Natural Capital Declaration

Sumitomo Mitsui Trust Holdings became a signatory to the Natural Capital Declaration advocated by the United Nations Environment Programme Finance Initiative (UNEP FI) at the United Nations Conference on Sustainable Development “Rio+20” held in Rio de Janeiro in June 2012. Sumitomo Mitsui Trust Holdings is the only financial institution in Japan to have signed the declaration.



Commitment of Financial Institutions under the Natural Capital Declaration (Excerpt)

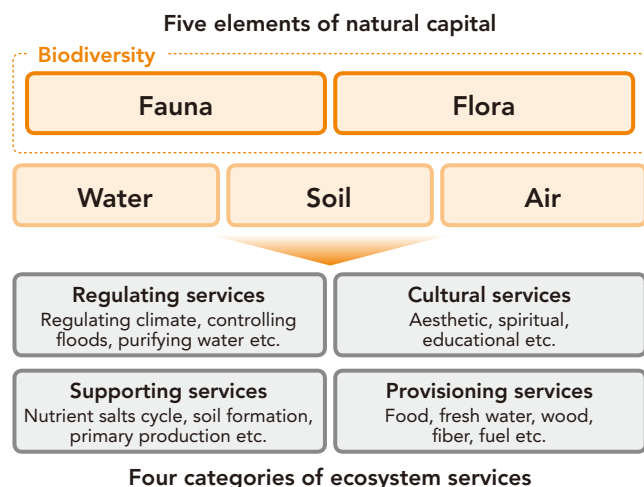
We will support the development of methodologies that can integrate natural capital considerations into the decision-making processes for all financial products and services including loans, investment, and insurance policies.

- (a) We will apply a holistic approach to the evaluation of bonds and stocks by integrating natural capital considerations in environmental, social, and governance (ESG) risk analysis in short-, medium-, and long-term growth forecasts of investee companies.
- (b) We will systematically incorporate the consideration of evaluating natural capital into the credit policies of specific sectors, including commodities, that have a major impact on natural capital, either directly or indirectly through the supply chain.

What is Natural Capital?

Natural Capital Elements and Benefits from Them

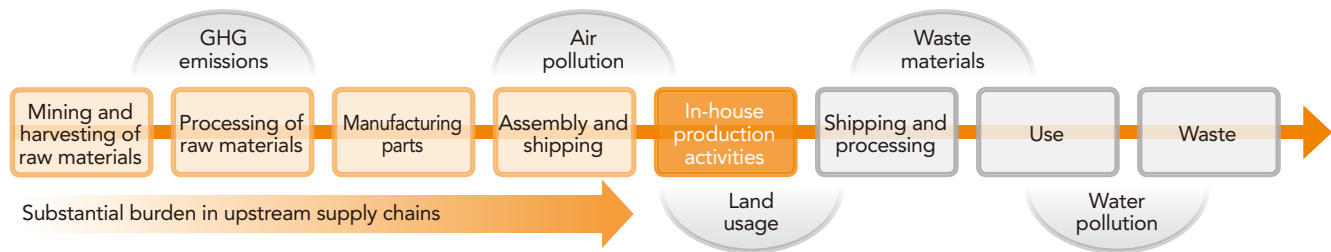
Natural capital is made up of the elements that comprise the Earth's natural assets, including diverse living creatures (flora and fauna), and the water, soil, and air that foster them. Our lifestyle depends on four categories of ecosystem services that are rooted in natural capital (regulating services, cultural services, supporting services, and provisioning services). The range of benefits we receive from it is truly immeasurable.



Sumitomo Mitsui Trust Holdings Action Guidelines for Preserving Biodiversity

1. **Implementing Measures and Providing Support for Biodiversity Preservation:** We will strive to actively protect endangered and native species. In our role as a corporate citizen, we will work to support activities for the preservation of biodiversity.
2. **Providing Products and Services:** We will endeavor to develop and provide products and services that contribute to the preservation of biodiversity, by conducting appropriate economic and social evaluations of the ecosystem and encouraging the sustainable use of living resources through our financial functions.
3. **Collaboration with Stakeholders:** We will engage in dialogue and cooperation with our stakeholders while working to preserve biodiversity.
4. **Education and Training:** We will ensure thorough implementation of these action guidelines at all Group companies and will work to provide education and training aimed at the preservation of biodiversity.
5. **Information Disclosure:** We will actively disclose information about our efforts to preserve biodiversity.

Natural Capital Risk and Supply Chain Management



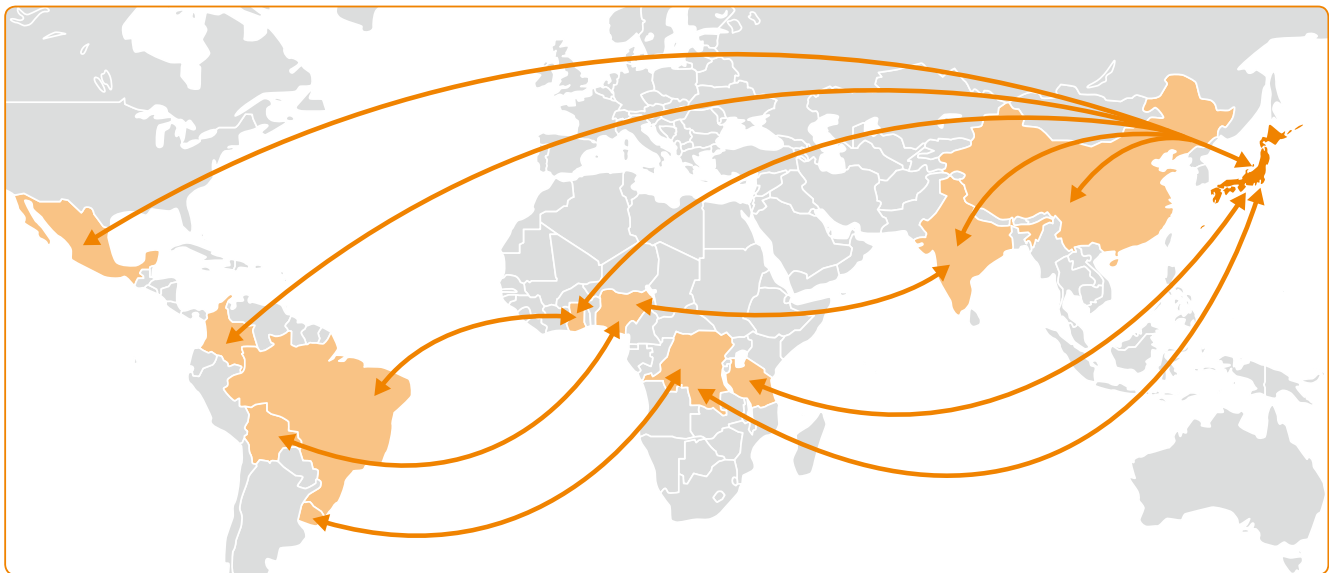
In today's world, supply chains consist of complex channels that are global in scale. The burden on natural capital stemming from a company's business activities is not limited to where its products are produced and consumed but extends around the globe through its supply chain.

There are numerous risks related to natural capital. The upstream of a supply chain from resource mining to procurement has a significant impact on natural capital. In some cases, hidden risks are posed by secondary and tertiary suppliers that a company is unable to manage directly.

Particularly serious is procurement risk, which affects the business model and continuity of everyday operations. Risk management is required throughout the entire supply chain in order to avoid or reduce these natural capital-related risks.

Risk related to natural capital

Procurement risk	Risk of depletion	The risk of not being able to secure necessary raw materials due to depletion of resources or decreased harvests (includes deterioration in quality and cases where substitutes are not available)
	Regulatory risk	Risk of regulations being imposed on materials purchased, obtained, discharged or emitted
	Price risk	Risk of rising costs due to prices put on resources (such as water) that had been obtained inexpensively or at no charge, or on emitted substances (such as CO ₂)
	Pollution risk	Risk of environmental pollution arising from an accident and having to deal with the effects over a wide area, or being asked to pay large sums in compensation
	Risk to reputation	Risk of a decline in corporate reputation due to social problems or human rights issues brought about locally by suppliers beyond the reach of management or monitoring



Lineup of Financial Instruments and Services Related to Natural Capital

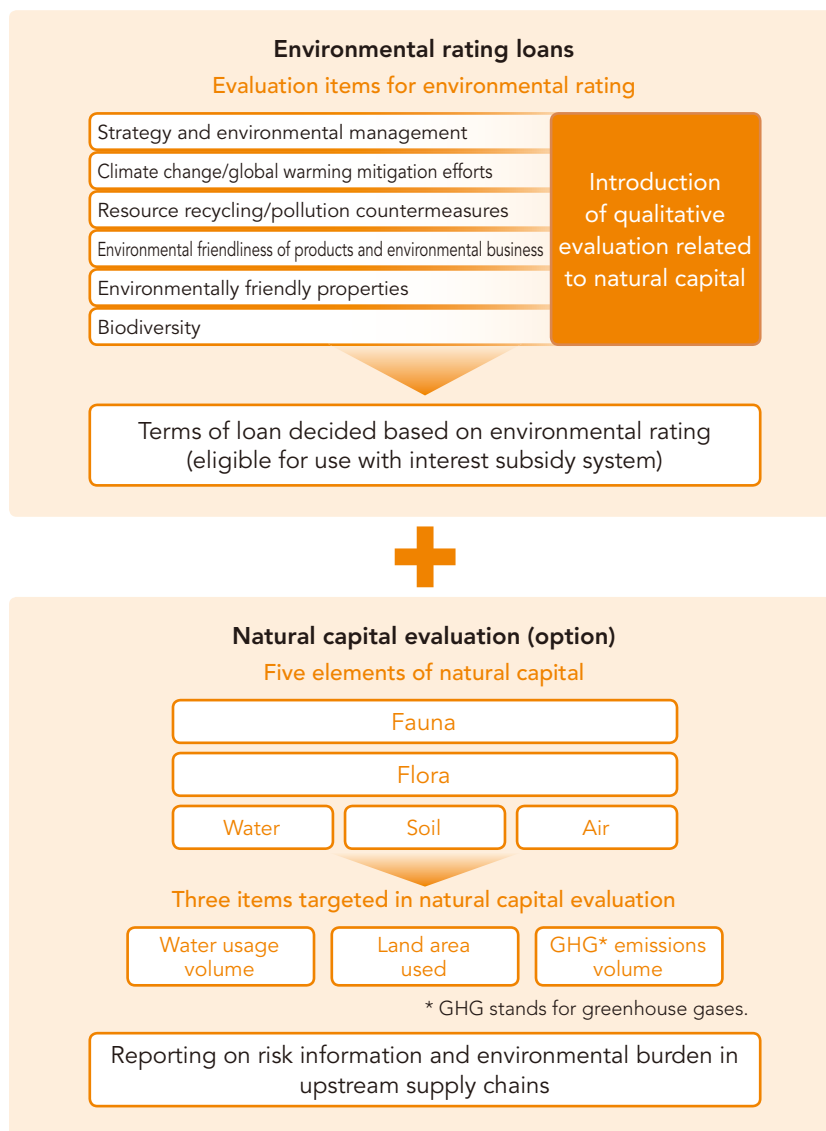
Environmental Rating Loans with the Evaluation of Natural Capital Preservation

Concept Behind Environmental Rating Loans

The sustainable use of natural capital as resources is vital for a company to continue its business. There is a growing awareness that efforts to address issues related to natural capital across the supply chain as well as are an indispensable part of management strategy.

In April 2013, Sumitomo Mitsui Trust Bank launched its Environmental Rating Loans with the Evaluation of

Natural Capital Preservation, which incorporate impact on natural capital and the concept of evaluating a company's initiatives into the environmental-rating evaluation process that assesses environmental measures taken by companies. This is the world's first attempt to incorporate natural capital evaluation into loan criteria.



Note: When companies meeting certain conditions use these loans to make capital investment that helps counter global warming problems, they can receive interest subsidies under the Japan Environment Association's interest subsidy program.

Note: These options are provided by PricewaterhouseCoopers Sustainability Co., Ltd. and are not available without loan products.

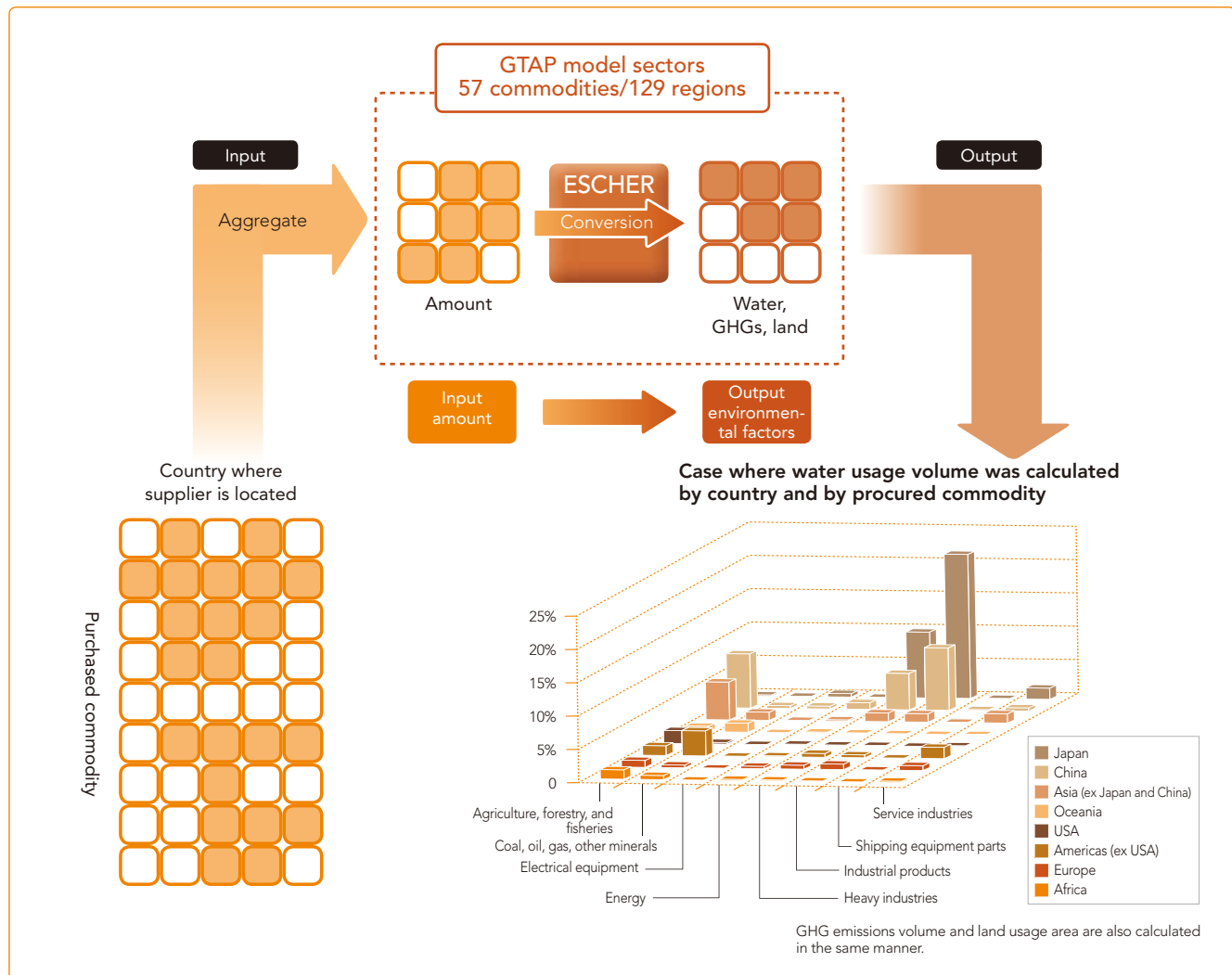
ESCHER Natural Capital Assessment Tool

ESCHER (Efficient Supply Chain Emissions Reporting) is a tool developed by PwC Germany that calculates the value of impact on natural capital. Based on procurement data, ESCHER calculations factor in industry input-output tables and trade statistics data to retrace the supply chain, and it estimates the degree of dependence and degree of impact on natural capital of each commodity procured, by country or region.

About ESCHER

In this model, data on purchased commodities is aggregated (mapped) in the 57 GTAP* commodity sectors and 129 regional sectors according to the location country of the supplier by commodity. The aggregated data is input into the quantitative evaluation tool (ESCHER). Environmental aspects (water usage volume, GHG emissions volume, land usage area) are computed as output.

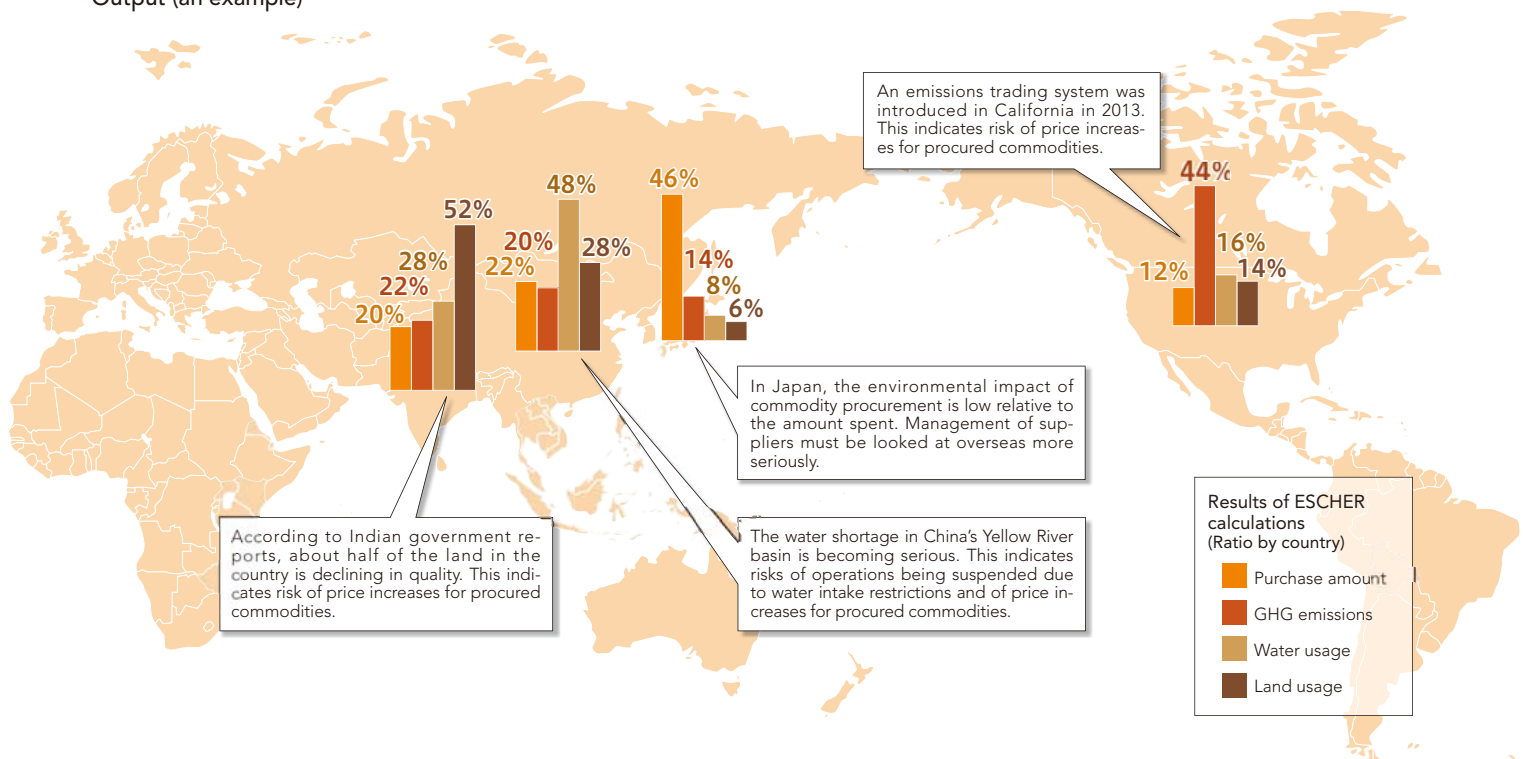
* The GTAP model is an applied general equilibrium model constructed for the purpose of quantitatively assessing the impact of multilateral trade policies. It was created by the Global Trade Analysis Project (GTAP), which was established in 1992.



Output from Natural Capital Evaluation (Analysis Results)

We provide ESCHER calculation results of quantitative risk information specific to the client as well as qualitative and quantitative risk information by country and region.

Output (an example)



Benefits of Natural Capital Evaluation

(1) Gaining quantitative risk data on the supply chain that can be used for management judgments

- Can obtain previously hidden risk data on environmental impacts and the use of resources that are essential to business strategy
- Can understand the supply chain risks of clients based on client-specific risk data calculated on the basis of procurement conditions as well as qualitative and quantitative risk data by country and region
- Clarifies points that need to be analyzed in greater detail with regard to countries, regions, and procured commodities that present significant risks

(2) Obtaining quantitative data on environmental impacts that can be used for information disclosure

- Can obtain calculation results that can be used in the Carbon Disclosure Project (CDP) and "Disclosure of Scope 3 information" for CSR reports

"You cannot manage what you do not measure."

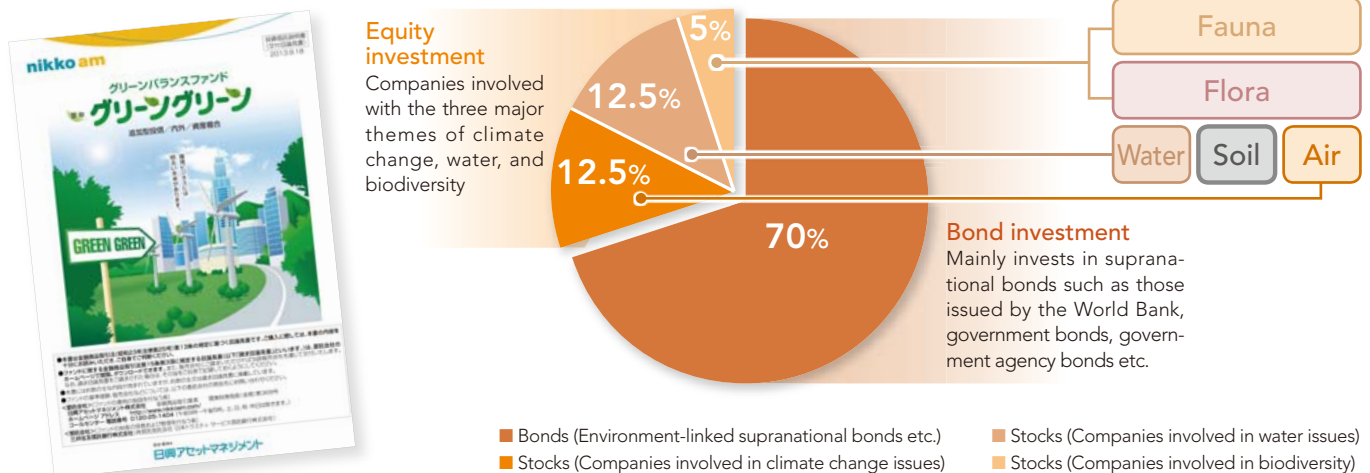
Pavan Sukhdev
TEEB Project Leader

Initiatives in Asset Management (Responsible Investment)

Green Balanced Fund

In 2010, our subsidiary Nikko Asset Management in collaboration with Sumitomo Mitsui Trust Bank developed the Green Balanced Fund. The equity fund portion invests in companies with features on each natural capital element, namely fauna and flora (conservation of biodiversity and ecosystem services), water (preservation of

water resources that are at increasing risk of depletion), and air (reducing GHG emissions). The fixed-income fund portion invests in environment-linked bonds such as those issued by the World Bank and other organizations for the purpose of raising funds for environmental conservation in emerging countries.

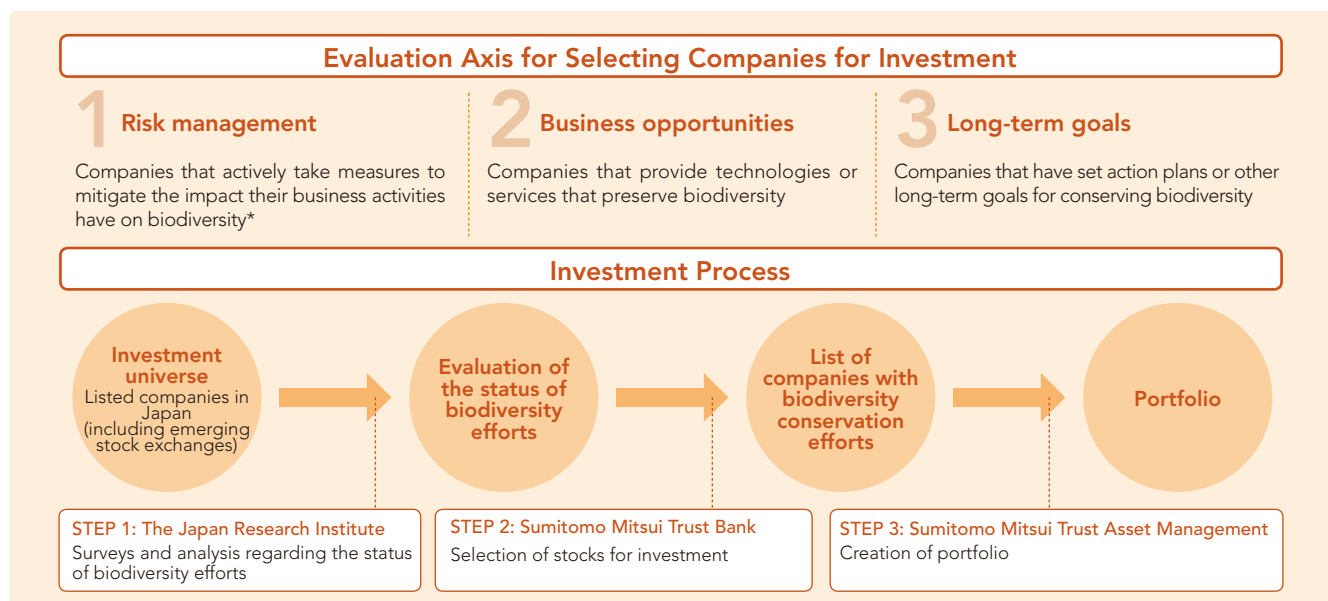


(Asset management company: Nikko Asset Management Co., Ltd.)

Biodiversity Companies Support Fund

In 2010, Sumitomo Mitsui Trust Bank developed the world's first equity fund that invests in Japanese companies that are making efforts for biodiversity conservation

and sustainable use of biodiversity-related resources (this finding is based on our research).



*The Natural Capital Efficiency Index is used as the standard to measure degrees of risk response readiness at companies based on the relationship between their sales and their footprints involving energy, water, and waste with an emphasis on their material balance reports.

(Asset management company: Sumitomo Mitsui Trust Asset Management Co., Ltd.)

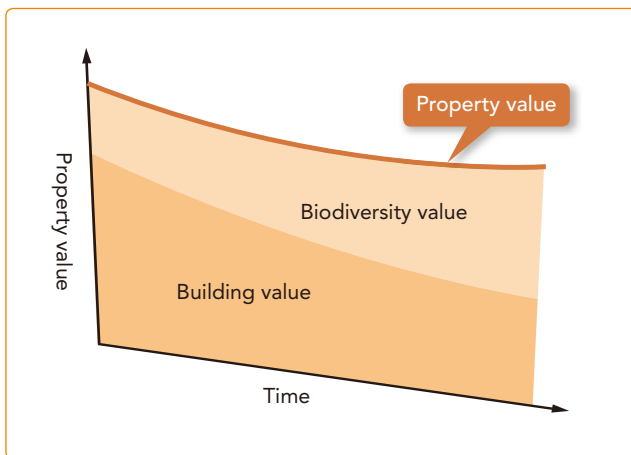
Initiatives Related to Environmentally Friendly Property

Environmentally Friendly Construction Consulting that Considers Biodiversity

The value of ordinary buildings starts to decline as soon as construction is completed. However, biodiversity value increases every year with enhancement of the ecosystem and can make up for the decline in building value. Research shows office buildings with biodiversity-informed designs in city centers can contribute to enhanced intellectual productivity and can have an effect on rental income. Biodiversity considerations, along with factors such as energy-saving performance and durability, are an important indicator of a building's environmental performance. At Sumitomo Mitsui Trust Bank, biodiversity considerations are included in our menu of environmentally friendly construction consulting services.

In addition, the richness of biodiversity not only in individual buildings, but also that of the neighboring sites, and of these sites linked together on a broader area level, has an impact on the sustainability of the town as a whole, and furthermore on the sustainability of Japan. The Group contributes to sustainable community development by offering relevant initiatives across entire areas.

Change in property value over time (image)



Toyo Seikan
Group Holdings, Ltd.
Osaki Forest Building

Building area: Approx. 3,400 m²
Total area: Approx. 72,000 m²
Steel construction and steel-frame reinforced concrete structure, 21 floors above ground, 2 basement floors, 1 penthouse floor
Completed in December 2011

(See page 61 for further details.)

Ecological Network Concept

This is the concept of securing “ecological networks” that include both sites inhabited by living creatures and the roads that link these sites together. We, at Sumitomo Mitsui Trust Group, believe that we can contribute to building a seamless ecological network throughout Japan. We are working actively to achieve that by supporting the National Trust through our social contribution donation trust and by taking advantage of products and services specific to a trust bank, such as mitigation banking and environmentally friendly properties.



Courtesy of the Ecosystem Conservation Society-Japan

Integration of CASBEE and Natural Capital with JHEP

The overall value of a building and the local area can be raised by focusing on the premises' biodiversity considerations and by

using both CASBEE for Market Promotion and the JHEP evaluation certification program.

CASBEE for Market Promotion

The evaluation items of CASBEE for Market Promotion, a system devised to show the environmental performance of a building, include many items related to natural capital. Therefore, CASBEE for Market Promotion can be used to evaluate the impact of an environmentally friendly building on natural capital.

Energy/ Greenhouse gases	Target setting and monitoring/energy-saving standards, usage and emissions intensity (calculated values), usage and emissions intensity (actual values), renewable energy
Water	Target setting and monitoring, water usage intensity (calculated values), water usage intensity (actual values)
Use of resources/ Safety	Disaster prevention and safety (new earthquake resistance etc.), high earthquake resistance/seismic isolation and vibration damping etc., usage of recycled materials , service life of structure material, necessary renewal interval for main equipment functions, higher facilities self-sufficiency ratio (electricity etc.), maintenance and operation
Biodiversity/ Site	No use of invasive alien species, enhancement of biodiversity , soil environment quality/regeneration of brownfields, proximity to public transportation, measures in preparation for natural disaster risks
Indoor environment	Attainment of building sanitation management standards, use of daylight, natural ventilation function, view

Items in red are evaluation items related to natural capital.

JHEP: Habitat Evaluation Certification

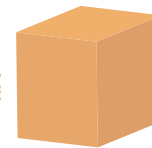
An objective assessment of biodiversity considerations in a real estate project can be obtained by acquiring the JHEP certification, which evaluates environment issues with emphasis on the wildlife habitat.

What kinds of projects contribute to biodiversity?

JHEP is a program that compares the value of biodiversity before and after a project is implemented. If the value of biodiversity after the project exceeds that before the project, the project is certified as contributing to biodiversity.



Before the project



After the project

Evaluation rating

High **AAA**
AA+
AA
A+
A
Low **P** (Future forecast model)

Japan Habitat Evaluation and Certification Program (JHEP)

JHEP is a system developed by the Ecosystem Conservation Society-Japan to quantitatively evaluate and certify efforts to contribute to the conservation and restoration of biodiversity. In addition to the JHEP for project developers, there is CHEP for construction contractors.

STEP 1 Confirming the time axis: The starting time of the target real estate project is determined. In general, the habitat value for 30 years prior to the project (evaluation baseline value) and the habitat value for 50 years in the future (total habitat value) are compared.

STEP 2 Setting conservation targets: Setting the flora that should be targeted (target flora) and the fauna that should live there (evaluated species).

STEP 3 Calculating the total habitat value: Livability index for evaluated fauna species x index of the local suitability for flora based on target flora x time = total habitat value.

STEP 4 Calculation of evaluation value: The evaluation value is calculated by subtracting the preexisting value of the habitat (evaluation baseline value) from the total habitat value gained from the project.

STEP 5 Decision whether or not to certify

STEP 6 Confirmation of evaluation rating



Sample certificate

Activities in Japan and Overseas

50:50 Campaign

In June 2012, Sumitomo Mitsui Trust Holdings (SMTH) took part in the 50:50 campaign, in which 50 countries and 50 corporations announced their intention to work to preserve natural capital at Rio+20. In fact, 88 private companies and 59 national governments from around the world as well as the European Commission were present, with SMTH being the only participant from Japan. The campaign is an ac-

tivity in conjunction with a World Bank initiative (WAVES*) that makes the effective management of the natural environment a premise for economic development policies and incorporates the value of ecosystems into national economic policies.

* WAVES: Wealth Accounting and the Valuation of Ecosystem Services, a partnership that assesses the economic value of ecosystem services

Natural Capital Study Group

Sumitomo Mitsui Trust Bank believes that when putting into practice the Natural Capital Declaration and the 50:50 campaign, we urgently need to gain knowledge with regard to the quantitative evaluation of natural capital, and in particular its economic evaluation, in order to promote measures for the maintenance, preservation, and sustainable use of natural capital. To that end, the

Natural Capital Study Group (chaired by Masaru Yarime, Associate Professor, Graduate School of Public Policy, the University of Tokyo) was launched in April 2013, is proceeding with research, and is subsidized by the Trust Sixty Foundation, with the participation of knowledgeable and experienced persons, NGOs, public administrators, corporations, and others.

Consortium for Sustainable Paper Use

The destruction of forests due to logging and single-species afforestation to supply raw materials for paper manufacturing is ongoing. It has become a serious issue in places such as tropical rainforests that are rich in the biodiversity and a valuable part of natural capital. As a major consumer of paper, Sumitomo Mitsui Trust Bank has joined with corporations

that share our concern regarding this issue and with the World Wide Fund for Nature Japan (WWF Japan) to establish the Consortium for Sustainable Paper Use. We aim to spread the sustainable use of paper throughout society as a whole by choosing paper products that are friendlier to the environment and society.

Business and Biodiversity Initiative

At the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 9) held in May 2008 in Germany, SMTH, together with 33 other companies from around the world, signed a leadership declaration under the Business and Biodiversity Initiative

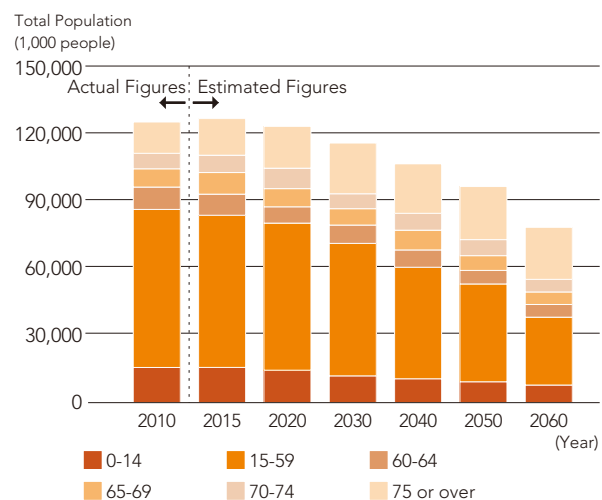
“Biodiversity in Good Company,” that was led by the German government. Since that time, we have been playing a role of as a leading company in this field and making proactive efforts to address this issue.

Declaration	Status of initiatives during 2012-2013
1 Analyzing corporate activities with regard to their impacts on biological diversity	We provided clients with investment and loan products that assess the impacts of corporate activities on natural capital and biological diversity.
2 Including the protection of biodiversity in their environmental management system to create a biodiversity index	We built PDCA cycles on biological diversity in our CSR promotion systems and formulated a plan for each fiscal year based on our Midterm Plan to review the performance of these semiannually.
3 Appointing a responsible individual within the company to steer all activities in the biodiversity sector and report to the Management Board	The head executive of the CSR Promotion Office in the Corporate Planning Department supervises all activities and reports to the Executive Committee.
4 Defining realistic, measurable objectives that are monitored and adjusted every two to three years	We set objectives in the CSR Midterm Plan and review performance in the Executive Committee.
5 Publishing all activities and achievements in the biodiversity sector in the company's annual, environmental, and/or CSR report	We disclosed our activities in our CSR Report since fiscal year 2009 as well as on our website; we are publishing a Natural Capital feature booklet from fiscal year 2013.
6 Informing suppliers about the company's biodiversity objectives and integrating suppliers' operations accordingly and step by step	We participated in the Consortium for Sustainable Paper Use propounded by WWF Japan. In cooperation with other users, we are pressing ahead with efforts to take into account the environmental and social aspects of paper resource procurement, which has a major impact on biodiversity.
7 Considering cooperation with scientific institutions and non-governmental organizations (NGOs) with the aim of deepening dialogue and continuously improving management systems of the biodiversity sectors	We are pursuing international cooperation as a signatory to the Natural Capital Declaration led by UNEP FI. We work with NPOs, including the Ecosystem Conservation Society-Japan, in natural capital-related business, education, and activities aimed at raising public awareness.

Addressing the Issues of a Super-Aging Society by Using Our Financial Functions

The birthrate in Japan is continuing to fall and the population is declining rapidly. With the population aging rate reaching 24%, our nation has become a super-aging country without parallel elsewhere in the world and various social distortions are beginning to emerge. Sumitomo Mitsui Trust Bank has many elderly clients and actively supports successful aging, seeking to ensure that our clients can continue to enjoy healthy, spiritually enriching lives as they grow older. To this end, we mobilize our expertise as a financial institution to offer a range of information and solutions to the money worries of the senior generation.

Future Population Estimates by Age Group



Sources: Figures for 2010 are from the Population Census, Ministry of Internal Affairs and Communications; estimates for 2015 and beyond are based on the postulated median birth and death rates from the Population Projections for Japan (estimates as of January 2012), National Institute of Population and Social Security Research.

(Note) Total figure for 2010 includes those of indeterminate age.

Successful Aging

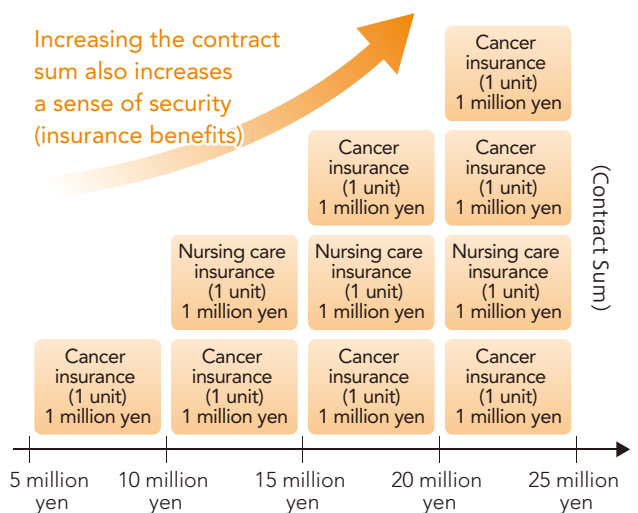
1. Helping People to Lead a Vibrant Lifestyle That Suits Them

Wrap Accounts/Life Reassurance Package

Sumitomo Mitsui Trust Bank (SMTB) offers discretionary investment management products (wrap accounts). We suggest a management plan suited to the client, who then concludes a discretionary investment contract, entrusting all decisions relating to the management of their investment—including buying and selling—to SMTB to undertake on their behalf. Clients aged between 40 and 65 who have applied for a wrap account can also apply free of charge for a Life Reassurance Package, a service that features cancer and nursing care insurance without the burden of insurance premiums. (SMTB bears the cost of the premiums.)

Mechanism of Life Reassurance Package

For each contract sum of ¥5 million invested in a wrap account, SMTB will put in place ¥1 million (1 unit) of insurance against either cancer or nursing care. Increasing the contract sum through additional investments allows the client to build up the level of assurance with a combination of cancer and nursing care insurance.



*Illustration

Reverse Mortgages

A reverse mortgage is a loan that supports an enriching second life. SMTB began offering reverse mortgages in March 2005, which lend funds to allow clients to live comfortably in their retirement years by using their residence as collateral. The funds can be received in an annual specified amount like a pension, or at any time in an amount within a certain predetermined limit, with their residence serving as the collateral.

This product enables them to use the money for any purpose other than as a business loan, so that they can not only use it to enjoy their free time, but also to fund renovations to their residence or as a lump sum payment when moving into a nursing home.

Relocation and Renovation

Renovation loans

Some people need to carry out renovations to accommodate reduced mobility or the need for nursing care, in order to continue living in their familiar residence. SMTB and Sumitomo Mitsui Trust Panasonic Finance offer renovation loans to support our clients in creating a comfortable living environment that meets their post-retirement needs.

Bridge loans for sales of real estate

As their family structure and physical condition changes, quite a few people find that they want to sell their residence to move into a nursing home or a condominium in an area where transport is more convenient. To ensure that clients do not have to rush to sell their precious real estate, Sumitomo Mitsui Trust Loan & Finance offers loans secured against sales of real estate, providing them with support as they seek a new home that suits their post-retirement lifestyle.

In addition, our realty company Sumitomo Mitsui Trust Realty offers clients help with selling their old home and buying a new one.

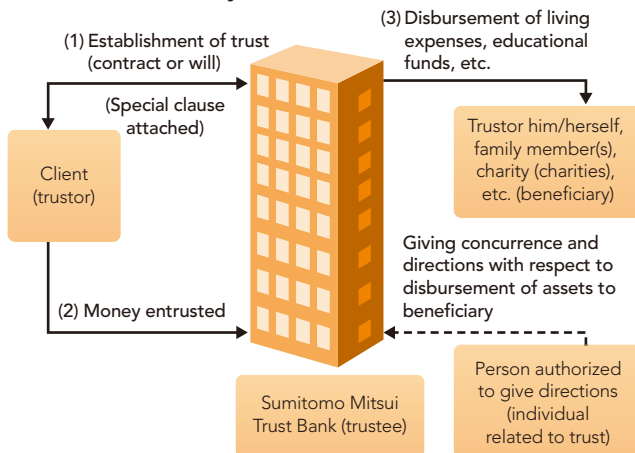
2. Helping People to Manage Their Post-Retirement Assets Safely

Anshin Support Trust (Money Trust)

Sumitomo Mitsui Trust Bank offers Anshin Support Trust, a product that leverages the unique functions of a trust bank to provide medium- to long-term, made-to-order support for the preservation and management of clients' precious assets for their sake as well as their families'. Two types of Anshin Support Trust are available: a "money trust" and a "life insurance trust."

As for the money trusts, the trustor him/herself (self benefit trust) or another person (third-party benefit trust) can be named as the trust beneficiary. In this way, trust assets are disbursed according to the client's wishes, to him/herself, family members, charities, or any other bodies. For example, if a client is considering moving into a nursing home, but has nobody to whom they can entrust the management

Mechanism of Money Trust



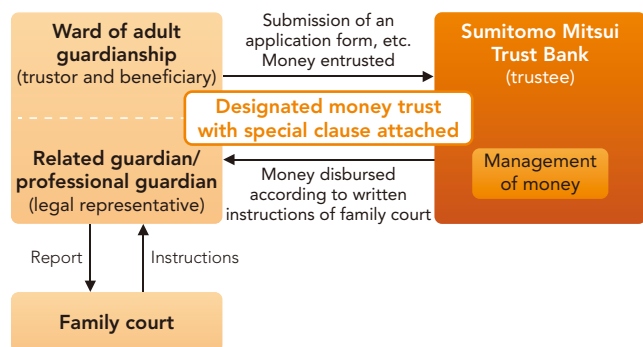
and conservation of their precious assets and are concerned about what would happen if they were to develop dementia in the future, SMTB would pay their monthly nursing home fees on their behalf, without fail.

Guardianship System Support Trust

In Japan, an adult guardianship system has been established that allows people to designate a guardian to protect the rights of those whose ability to make judgments is impaired by dementia or intellectual disability.

The Guardianship System Support Trust is a trust designed to protect the assets of the ward and contribute to the stability of his or her living into the future. The money placed in trust is paid out as a specified sum paid regularly to the ward, under a special provision established in accordance with a written instruction of the family court.

Guardianship System Support Trust

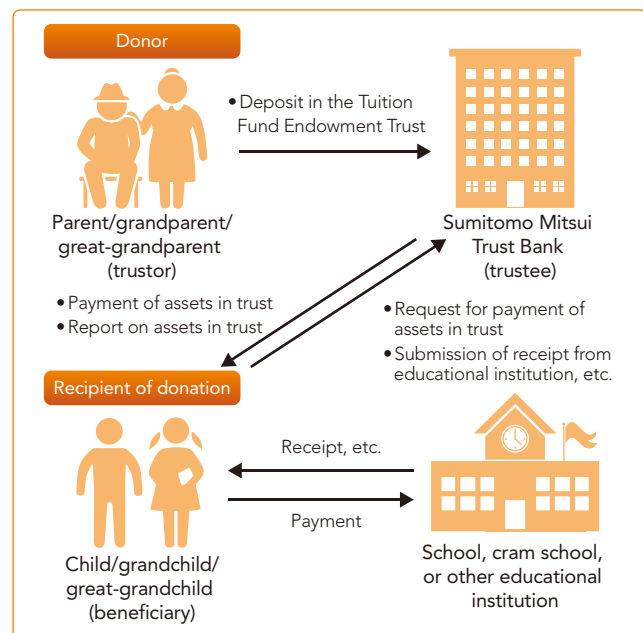


3. Helping with Lifestyles of Family and Relatives

Tuition Fund Endowment Trust (also referred to as "Thinking of Our Grandchildren")

An exemption from gift tax has been created for lump-sum donations to cover tuition funds, allowing grandparents to make a tax-free lump-sum donation to grandchildren, etc. aged under 30, to help with tuition fees and other educational costs.

Funds deposited with SMTB as tuition funds for a grandchild, etc. via this product are paid out as tuition funds by SMTB when a request for payment is received from the grandchild, etc. If payment is made to a school or other educational institution, an exemption from gift tax will be provided, up to a maximum of ¥15 million per grandchild, etc.

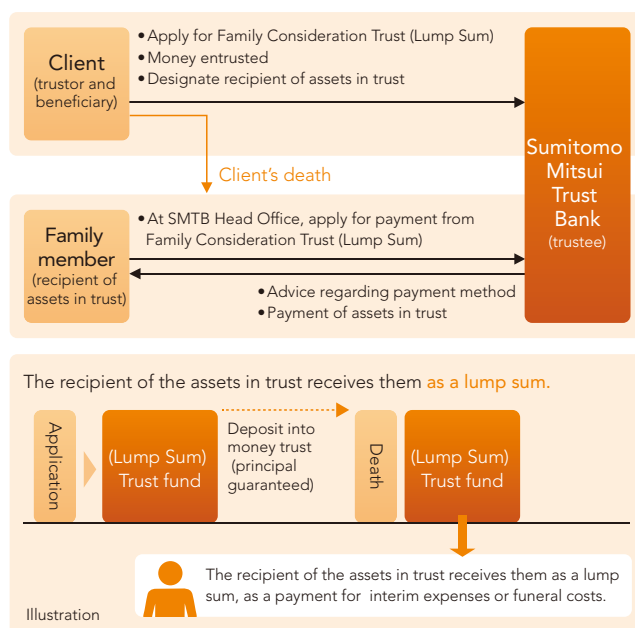


Family Consideration Trust (Lump Sum)

In the event of a bereavement, family members have to deal with various procedures, including arrangements for the funeral and inheritance-related procedures. The Family Consideration Trust (Lump Sum) is a product that, in the event of a client's death, swiftly pays out the deposited assets in trust as a lump sum to a recipient designated in advance by the client from among their legal heirs.

This ensures that, should the worst come to the worst, their family has immediate access to the money they require, including money to cover interim expenses and funeral costs.

Family Consideration Trust (Lump Sum)

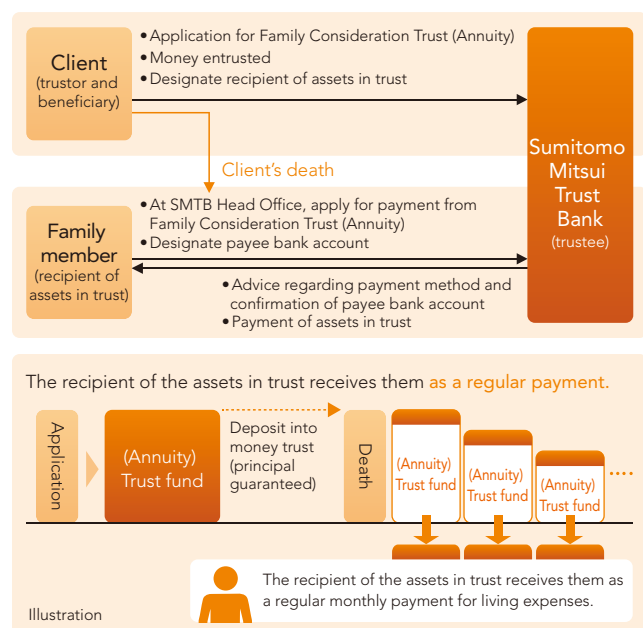


Family Consideration Trust (Annuity)

This product ensures a regular payment from the deposited assets in trust, offering bereaved family members a sense of security in their daily lives after the client's death.

We manage the deposited assets in trust and support their family by making a regular monthly payment to cover living costs to a recipient designated in advance by the client from among their legal heirs.

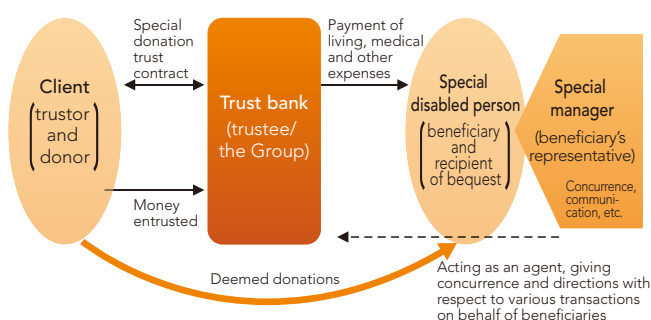
Family Consideration Trust (Annuity)



Special Donation Trust

The special donation trust is a product for the purpose of contributing to stable living into the future for specified persons with disabilities. With this trust, funds (of 10 million yen or over) donated are managed securely by SMTB through jointly operated designated money trusts and

Structure of Special Donation Trusts



other instruments, and disbursed to the specified person with disabilities by the bank on behalf of the client.

The regular payments can be used to cover living costs or medical expenses. Special persons with disabilities may receive up to ¥60 million tax free, while other specified persons with disabilities may receive up to ¥30 million without paying tax.

Anshin Support Trust (Life Insurance Trust)

The Life Insurance Trust has been developed in partnership with Prudential Life Insurance Co., Ltd., in response to requests from clients who wish to ensure the future financial security of their relatives or to make a contribution to society. This product offers a tailor-made service that combines the wealth creation functions of insurance with the wealth management functions of trusts.

4. Helping People to Pass on a Range of Assets Smoothly to the Next Generation

Estate Planning

Estate planning is a service that provides support (consulting) aimed at summing up the client's wishes regarding the succession of their assets and drawing up a specific plan for this. Using the know-how that we have built up over decades in the field of asset management, inheritance, and will-related services, SMTB offers the following consultation services.

- Support in understanding the succession of assets and the implications of an aging society with a declining birthrate
- Support in understanding the legal and tax systems relating to the succession of assets
- Support in understanding the results of a multifaceted analysis of the client's assets
- Support in drawing up documents relating to the succession of assets in the event that the estate is passed on to an heir at law, and in drawing up a plan for the succession of assets and measures relating to the funds required to pay tax obligations if the estate is divided up in accordance with the client's wishes
- Support ancillary to these matters

In addition, we provide the client with a report that reflects the results of the consultation, detailing their family relationships, assets, and wishes concerning the succession of their assets.

Will Trusts

SMTB offers a will trust service to support the succession to the next generation of various assets, including deposits, securities, and real estate, in accordance with the client's

wishes. Will trusts meet the needs of clients who wish to prevent problems relating to inheritance, divide up their estate rationally in accordance with the actual situation, or bequeath assets to someone other than their heirs.

One-Stop Inheritance Service

SMTB offers a One-Stop Inheritance Service to ensure that complex inheritance procedures proceed smoothly. More specifically, upon application by an heir, we will provide support and carry out the following procedures on their behalf, according to their request.

- Confirmation of the legal heirs
- Investigation and identification of inherited property
- Advice in discussions concerning the division of the estate
- Change of name on savings and securities and/or their conversion into cash (we will carry out the procedures prescribed by each financial institution on the heir's behalf)
- Change of name on real estate
- Advice concerning allowances to pay tax obligations, such as income tax and inheritance tax

Lawyer Referral System

To enable clients struggling with disputes over wills and inheritances to obtain advice directly from a legal expert and resolve these problems swiftly and appropriately, SMTB has introduced a lawyer referral system, in partnership with the Japan Federation of Bar Associations (JFBA). Should a client require a referral to a lawyer, SMTB refers them to one via the JFBA.

5. Initiatives to Increase Literacy Concerning the Challenges of an Aging Society

Gerontology Course at Our Retail College

Gerontology is an academic field that covers a wide range of topics relating to seniors, including their health and welfare; social participation; food, clothing, and housing; financial affairs; and mental health care. At SMTB's Retail College, a group training program for staff in retail positions, who have a great deal of contact with individual clients, we have established a gerontology course, with the aim of improving literacy among our staff concerning the challenges of an aging society.

The first corporate training program that equips staff to take the Wellbeing Knowledge Examination administered by Lifestyle & Welfare Environment 21, this course enables participants to gain comprehensive knowledge of

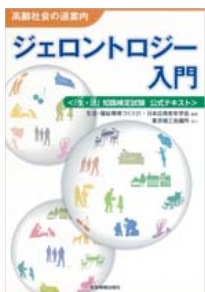
the wide range of fields covered by gerontology through lectures by a first-class team of instructors, including Professor Hiroshi Shibata from the Graduate School of the University of Human Arts and Sciences.

Workshop on Becoming a Supporter for People with Dementia

The nurturing of "Dementia Supporters" is an initiative organized by the Ministry of Health, Labour and Welfare, with the aim of creating a

"society in which people can live with a sense of security even with dementia." As of the end of December 2013, there were more than 4.7 million Dementia Supporters nationwide, ranging from local citizens and staff at financial institutions to schoolchildren and university students.

With the aim of training employees as Dementia Supporters, SMTB is holding a course called the Workshop on Becoming a Supporter for People with Dementia at each of our branches across the country. Participating employees are certified as Dementia Supporters after taking a course lasting about an hour, which covers such matters as the symptoms of dementia, problems that can occur at financial institutions, and ways of dealing with people who



Textbook used at our Retail College



Workshop on Becoming a Supporter for People with Dementia



Orange wristband worn by Dementia Supporters

have dementia. SMTB will continue to contribute to the development of communities in which people can live with a sense of security, even if they have dementia.

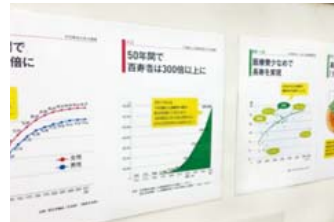
Partnership with ILC-Japan

SMTB is a member of the Advisory Board of ILC-Japan, the Japanese branch of the International Longevity Center, which is an international alliance of organizations focused on gerontology. As such, we are involved in a range of collaborative initiatives, including participating in research focused on the approaches that should be adopted by companies in a super-aging society, via the Seminars on Long-Lived Societies. As part of our activities in this area, SMTB has proposed and formed the Sustainable Communities Support Working Group (Joint Chair: The Dai-ichi Life Insurance Company, Limited), a new working group based on the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action in the 21st Century), a set of voluntary guidelines established by Japan's major financial institutions. In FY2013, with the cooperation of ILC-Japan, we held seminars to which top-level experts were invited and undertook initiatives in partnership with other leading financial institutions, focused on the challenges of a super-aging society.

In addition, at our branches nationwide, we have distributed to clients *Happy and Healthy at a Hundred*, a mini-handbook produced by ILC-Japan about the aging society.

Silver College Seminars

SMTB has started offering Silver College Seminars for our clients among senior generations, who are most in need of knowledge based on gerontology. These seminars have been devised in collaboration with ILC-Japan and feature lectures concerning money-related issues that affect senior generations.



Happy and Healthy at a Hundred panel display at our Namba-Chuo Branch



Pamphlet about Silver College Seminars

Examples of Silver College Seminars in FY2014

	Seminar 1: A Safe, Secure Post-Retirement Lifestyle	Seminar 2: Post-Retirement Residence Options	Seminar 3: If the Worst Came to the Worst... Would You be Prepared?
Lecture name	Common Sense and Misconceptions Concerning Senior Health —People who eat meat live longer—	Continuing to Live in Your Current Home —Rebuilding and Renovation—	Properly Understanding Dementia and Making Preparations to Ensure a Sense of Security —Advice from the front line of nursing care—
	Are You Fully Prepared in Case of Furikome (Remittance) Fraud? —"It couldn't happen to me" is the most dangerous attitude—	Living in Housing for Seniors —Choosing a nursing home—	A Departure You'll Be Happy with —How to face your final days—
	How Will You Protect Your Assets? —From management for growth to management for protection—	Variations of Relocating —Things to think about before you get old—	Things You Ought to Know: The Adult Guardianship System, Wills, and Inheritance —Preparations you can make now—

Initiatives to Prevent Remittance Scams

With the aim of reminding employees about the key points that are crucial to preventing remittance scams, SMTB holds lectures for employees on the prevention of remittance scams at all of our branches nationwide. The lectures are held with the assistance of the police and participants learn about the status of remittance scams locally, the methods used by criminals to target their victims, and the key points crucial to preventing this form

of crime. Employees also role-play various remittance scams scenarios.

Moreover, employees at our branches routinely speak to clients who are making bank transfers, and carry out thorough checks of such transactions. As a result, we were able to prevent 52 cases of remittance scams in FY2013. In addition, 18 of our branches have received commendations from local police forces for their contributions in this area, and the case that occurred at our Meieki-Minami Branch was even reported in the local newspaper.

SMTB will continue to be proactive in speaking to our clients in our endeavors to prevent crime.



Branches that received commendations

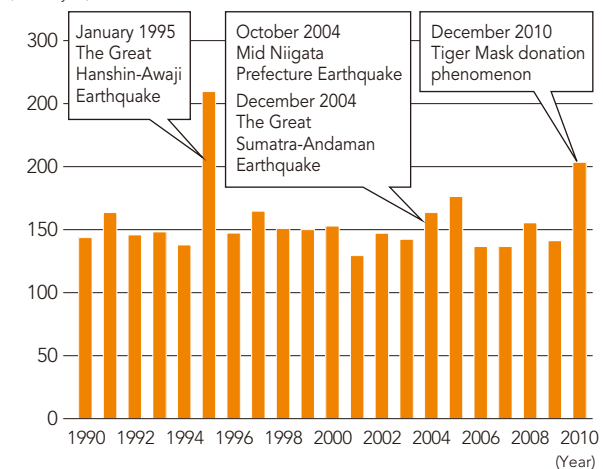
Sangenjaya Branch	Shinjuku Branch	Tachikawa Branch	Yamaguchi-Hofu Branch
Ogikubo Branch	Machida Branch	Omiya Branch	Kumamoto Branch
Sugito Branch	Funabashi Branch	Maebashi Branch	Kichijoji-Chuo Branch
Takamatsu Branch	Hankyu-Umeda Branch	Yokosuka Branch	Oita Branch
Meieki-Minami Branch	Hachioji Branch		

Towards the Solution of Social Issues

The Group uses its unique services and functions as a trust to meet clients' various asset administration needs, including stock sales and acquisition, support for asset preservation for people finding it difficult to administer their assets, and donations to organizations that engage in social contribution activities.

Changes in amounts of donations from individuals

(Billion yen)



Sources: Family Income and Expenditure Survey, Population and Number of Households Based on the Basic Resident Registers, Ministry of Internal Affairs and Communications

Mechanism of Using Donations and Other Funds to Solve Social Issues

Products and Services that Reflect Clients' Intentions

Charitable Trusts

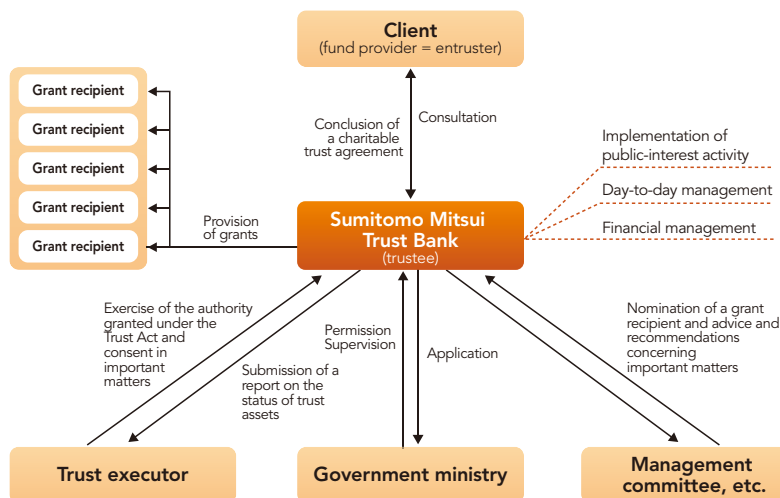
A charitable trust is a system in which funds are entrusted to a trust bank that administers and manages the funds to carry out charitable activities in accordance with a previously determined way. For example, these trusts may be used by individuals wishing to provide funds for charitable activities or by companies that wish to return a portion of their profits to society. They have been used in a wide range of fields, including the provision of academic scholarships, support of environmental protection activities, and promotion of international cooperation and international exchanges.

Since Sumitomo Mitsui Trust Bank began managing its first charitable trust in 1977, the number of trusts under its management has steadily risen, conducting supported

projects in various charitable fields. Sumitomo Mitsui Trust Bank began managing the Keidanren Nature Conservation Fund, a charitable trust, from the Keidanren Committee on Nature Conservation in 2000, and then received donations from Keidanren member corporations and other private corporations and individuals, supporting nature conservation activities carried out in Japan and developing countries by NPOs, NGOs, and other organizations.

As of March 2013, there are 212 charitable trusts under Sumitomo Mitsui Trust Bank's management with total assets of 27.2 billion yen. In fiscal year 2012, charitable trust funds totaling 1.3 billion yen were provided to 3,118 bodies in total (including individuals) for activities that serve the public interest.

Mechanism of Charitable Trusts



List of Charitable Trusts by Donation Type

Type	Number of trusts under management
Scholarship	73
Promotion of natural science research	41
Promotion of human science research	6
Promotion of education	25
Social welfare	10
Promotion of arts and culture	9
Protection and propagation of animals and plants	1
Conservation of the natural environment	8
Development and maintenance of the urban environment	18
Promotion of international cooperation and exchanges	16
Other	5
Total	212

Charitable Trust: Mokuhoikai Forest Product Promotion Incentive Fund

The Mokuhoikai Forest Product Promotion Incentive Fund, a charitable trust, was established in December 1987 for the purpose of making a contribution to preserving and cultivating forests in accordance with the late Yutaka Yoshioka's will. This fund honors and supports activities regarding the promotion of the forest and logging industry in Chiba Prefecture.

Mr. Yoshioka was engaged in the logging industry for years and dedicated his life to forests and forest promotion in Chiba Prefecture. He was commended

as an agricultural contributor by the governor of Chiba Prefecture for his many achievements, including his development of "Mokkon-no-mori," sticking to his conviction that a tree has a soul.

The Mokuhoikai Forest Product Promotion Incentive Fund terminated in December 2013 achieving many results for 26 years with 70 honored projects and 47 supported projects by donations from many people who agree to its purpose.

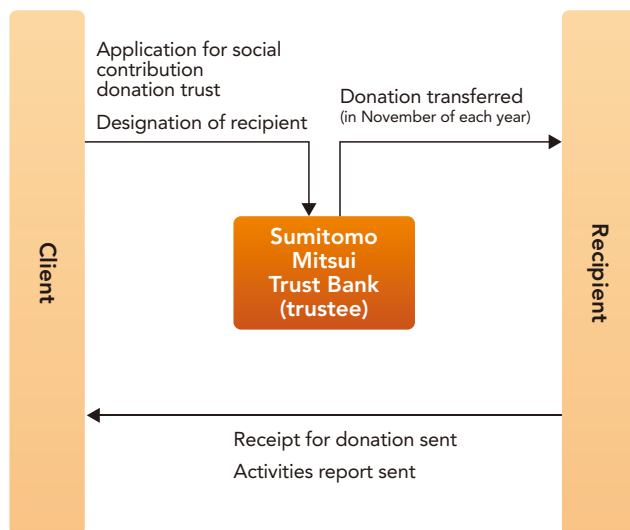
Social Contribution Donation Trust

Sumitomo Mitsui Trust Bank offers social contribution donation trusts (also referred to as “Bridge to Tomorrow”) intended to make donations to charitable corporations and other organizations engaged in social contribution activities. Through the trust, clients can choose donation recipients from a list of organizations that Sumitomo Mitsui Trust Bank provides and donate one-fifth of the original trust principal once a year. Donors receive reports from the recipient on how the donations were used and

what activities were conducted. If donors designate the Ecosystem Conservation Society-Japan as a recipient, donations will be used to purchase the habitats of Amami rabbits (*pentalagus furnessi*), Tsushima leopard cats (*prionailurus bengalensis euptilurus*), and the northern limit beech forest.

Sumitomo Mitsui Trust Bank supports activities regarding not only the environment but also various themes including education, medical care, academia, and culture through social contribution donation trusts.

Mechanism of Social Contribution Donation Trusts



List of Donation Recipients (as of November 6, 2013)

Environment	World Wide Fund for Nature Japan (WWF Japan)
Environment	Ecosystem Conservation Society-Japan
Education	National Federation of UNESCO Associations in Japan
Medicine	Japan Cancer Society
Social welfare	Japan Guide Dog Association
International medical support	Médecins Sans Frontières Japan
Academics	The Japan Prize Foundation
Culture	Japan Arts Council
Disaster reconstruction support	Central Community Chest of Japan (disaster relief for the Great East Japan Earthquake)
Support for children	The Nippon Foundation
Support for sports for people with disabilities	Special Olympics Nippon Foundation

Designated Donation Trusts

Sumitomo Mitsui Trust Bank offers designated donation trusts, which are based on a new system established by revisions to the tax system in fiscal year 2011. Regular donations are made over a period of either five or ten years to the designated recipient. Donation recipients can be chosen from outside the list of organizations Sumitomo Mitsui Trust Bank provides. (The designation of a recipient is subject to review and other procedures by Sumitomo Mitsui Trust Bank, and trust fees are incurred.)

In July 2012, the designated donation trust was used by an individual client who wished to support healthcare professionals in the areas affected by the Great East Japan Earthquake.

A total of approximately 12 million yen will be donated to Peoples’ HOPE Japan (PHJ), a certified NPO, over the next five years. PHJ used a separate donation from the same client to give Ishinomaki City Hospital a “doctor car,” which is used for house calls, and the donations to PHJ through the designated donation trust are going to be used to cover maintenance and operating expenses for the vehicle.

Donations through Bequests

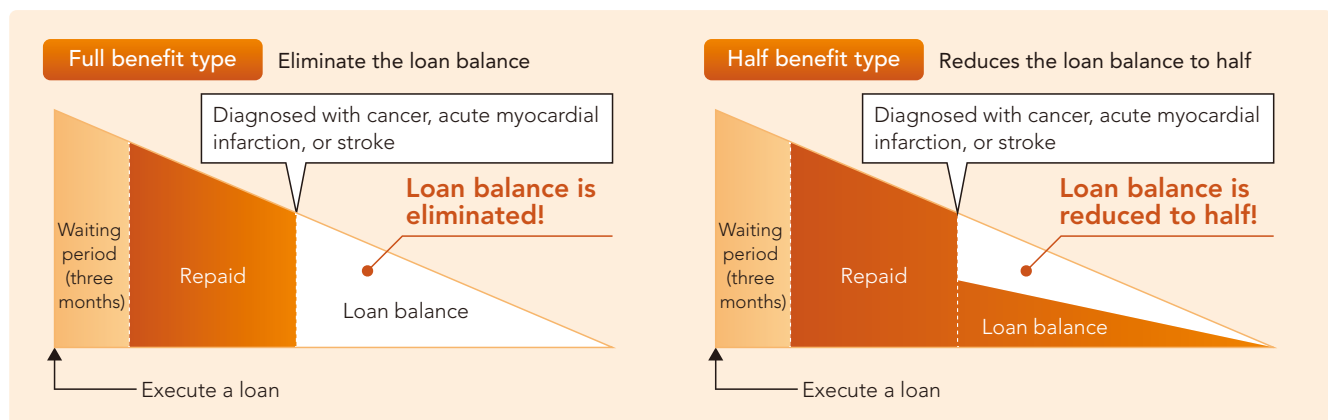
In order to meet the needs of clients who hope to see their assets used to serve the good of society, Sumitomo Mitsui Trust Bank provides support services through its testamentary trusts for estate donations. The bank collaborates with universities and other public interest bodies regarding bequest donations.

Social Contribution as Business Activities

Three Major Diseases Security/Cancer Security

Cancer, acute myocardial infarction, and stroke are known as the “three major diseases,” and cause about 55% of deaths in Japan. Sumitomo Mitsui Trust Bank offers a service that guarantees the balance of housing loans in cases where a client is diagnosed with cancer, or with acute myocardial infarction or stroke after prescribed conditions have continued for more than 60 days. This service has two types of security, namely “three major diseases security” and “cancer security,” each of which has a “full benefit type” that eliminates the loan balance and a “half benefit type”

that reduces the loan balance to half. Moreover, “three major diseases security” contains “triple hospitalization security” with (1) a lump-sum hospitalization payment of 100,000 yen from only one-day hospitalization, (2) loan repayment security for up to two months per hospitalization, and (3) an additional lump-sum hospitalization payment of 300,000 yen for continuing two-month hospitalization, even if a client is hospitalized with a disease other than the three major diseases or with an injury. Sumitomo Mitsui Trust Bank plans to further enhance the contents of security by expanding the diseases covered.



Support for the Bell Mark Movement

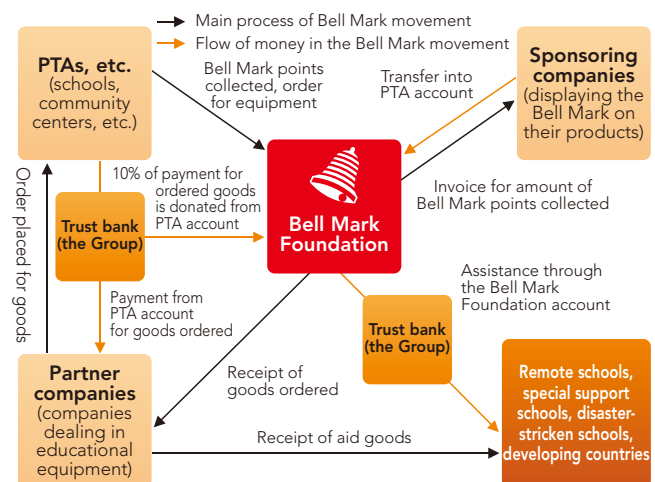
By collecting the Bell Mark labels found on everyday products, schools can purchase needed equipment based on the number of points they have gathered; this is known as the Bell Mark movement, which began in 1960. Although numerous banks were involved at the start, since 1982 Sumitomo Mitsui Trust Bank has overseen all administration related to transactions for the movement.

We now administer a total of 28,143 parent teacher association (PTA) accounts nationwide (as of the end of August 2013) and take care of tasks such as handling payments from sponsor companies to PTAs, and transferring assistance funds from partner companies to the Bell Mark Educational Support Foundation. In addition, we look after financial aid transfers to regions affected by disasters and adversities (friendship assistance).

When schools purchase equipment through the Bell Mark movement, 10% of the purchase price is donated to the Bell Mark Foundation, to be used as financial aid for schools, including those in remote areas and those

damaged in disasters, as well as schools in developing countries. Sumitomo Mitsui Trust Bank continues to support the Bell Mark project as a social contribution that is part of our business.

Our Role in the Bell Mark Movement



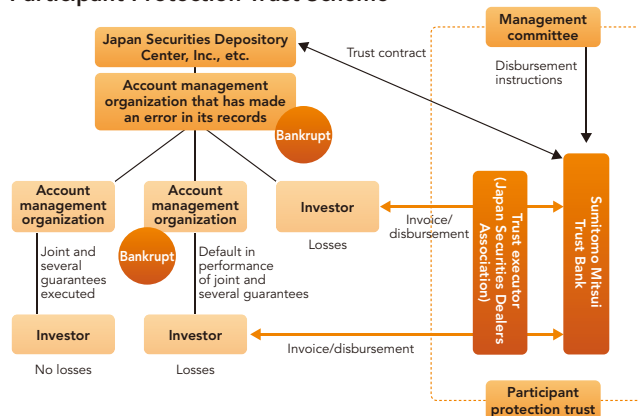
Participant Protection Trust

Paperless transactions of securities make securities trading more convenient by reducing the risks of loss, theft and forgery, and by cutting transportation and storage costs. However, investors ("participants") may be hit by financial damage in case of erroneous records attributable to mistakes made by a transfer organization or an account management organization.* The participant protection trust is a safety net scheme that compensates participants for losses of up to 10 million yen if such financial damage arises and the account management organization goes bankrupt without fulfilling the compensation payment obligation.

Sumitomo Mitsui Trust Bank has been entrusted with the management of the participant protection fund since the establishment of this scheme in 2003 because of its excellent records in terms of entrusted management of charitable trusts and its superior asset management capability.

* Account management organizations include securities companies and other financial institutions.

Participant Protection Trust Scheme



IR/SR Consulting

Sumitomo Mitsui Trust Bank launched a systematic service that supports IR (investor relations) and SR (shareholder relations) activities of client companies in January 1999 as the first agent of record for listed companies. Through our domestic and overseas network, we provide the following data and information that are essential to promote IR/SR activities including ESG (environmental, social and governance).

Domestic beneficial shareholder survey

The domestic beneficial shareholder survey covers domestic institutional investors that exist behind domestic custodian banks. The survey can be used to select institutions subject to investor meetings on financial results and one-on-one IR meetings, and to build communication toward shareholders' meetings.

Foreign beneficial shareholder survey

The foreign beneficial shareholder survey covers overseas institutional investors that exist behind overseas custodian banks. The survey can be used to select destinations to visit for overseas IR, and provides services for promoting the exercise of voting rights toward shareholders' meetings.

Individual shareholder analysis

We analyze shareholders' registries from the perspective of IR activities. The analysis can be used to understand the current status of individual shareholders for planning IR strategies, measuring the effects of IR/SR activities for individuals, etc.

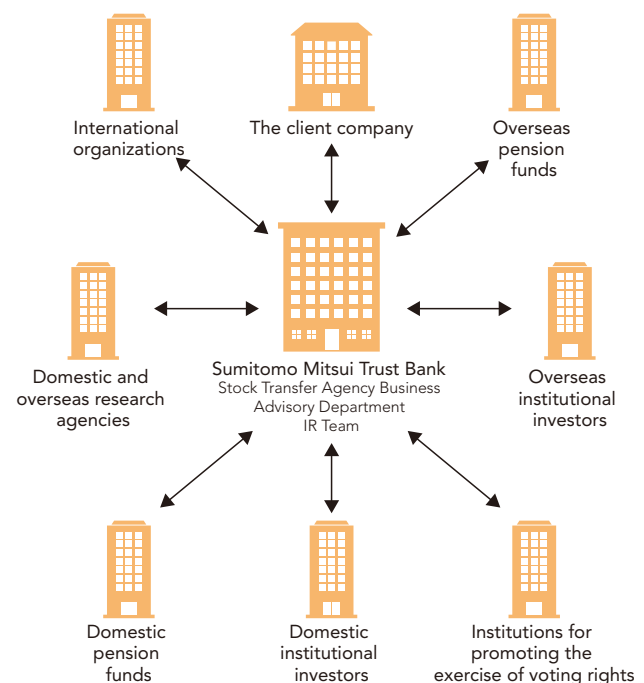
Analysis for exercise of voting rights

We analyze trends in the exercise of voting rights by domestic and overseas institutional investors. The analysis is available as materials for in-house reports and considerations, including predictions of exercise of voting rights toward shareholders' meetings and reviews after shareholders' meetings.

Focus Club

The Focus Club provides information about Japanese stocks investment trends among overseas institutional investors, etc. and their views on corporate governance to IR, administration, and legal sections of member companies. As a part of this service, the Focus Club conducts interviews on what kind of information is expected by overseas institutional investors who increase emphasis on ESG initiatives, and provides its findings as basic information for IR activities and report preparation.

Creation of an Extensive Network of Contacts and a Hotline



Initiatives to Facilitate Financing

Sumitomo Mitsui Trust Group (the "Group") considers the facilitation of financing to small and medium-sized enterprises (SMEs) and individuals seeking housing loans as one of its most important social missions.

Sumitomo Mitsui Trust Bank took steps to further enhance its financial intermediary function and established a basic policy on the facilitation of financing. This was to ensure prompt and appropriate responses to requests from SMEs and housing loan clients for various consultations, restructuring of loan repayment conditions, etc.

The bank facilitates financing operations through a system at branch offices to provide prompt and appropriate responses to clients' consultations about, or requests for, the restructuring of loan repayment conditions and other matters, and through a system at the

head office to fully grasp the branch office support activities. The bank also responds to clients' requests for consultation and complaints through a toll-free telephone number as well as at branch offices.

The Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. expired on March 31, 2013. Even so, the Group will continue providing appropriate and proactive financial intermediary services to facilitate the business activities of SMEs and to help housing loan clients enjoy a stable lifestyle. Also, when there are consultations about, or requests for, the restructuring of loan repayment conditions, etc. from clients who have been directly or indirectly affected by the Great East Japan Earthquake, the Group endeavors to respond in a flexible and appropriate manner, taking into account each client's circumstances.

Number of Loan Claims which Requested Restructuring of Loan Conditions, etc.

(In the case of SMEs)

(Unit: case)

	End of September 2010	End of September 2011	End of September 2012	End of September 2013
Number of loan claims for which restructuring of loan conditions, etc. was requested	1,002	2,035	2,799	3,536
Of which, number of loan claims regarding implementation	894	1,892	2,601	3,248
Of which, number of loan claims regarding refusal	2	20	40	59
Of which, number of loan claims under examination	57	54	50	57
Of which, number of loan claims regarding withdrawal	49	69	108	172

* The above figures are based on the combination of those for the former Sumitomo Trust and Banking Co., Ltd. and the former Chuo Mitsui Trust and Banking Company, Limited.

* As of the end of September 2013, the figures include claims regarding trust accounts as follows.

Request: 1, Implementation: 1, Refusal: 0, Under examination: 0, Withdrawal: 0

Claims regarding trust accounts refer to loan claims for which Sumitomo Mitsui Trust Bank received requests for restructuring of loan conditions, etc. from clients among those entrusted to Sumitomo Mitsui Trust Bank from other financial institutions, etc. for securitization and other purposes. Sumitomo Mitsui Trust Bank, a trustee, responds to them based on judgments by multiple people involved in trusts pursuant to the provisions of trust agreements.

Number of Loan Claims which Requested Restructuring of Loan Conditions, etc.

(In the case of housing loan clients)

(Unit: case)

	End of September 2010	End of September 2011	End of September 2012	End of September 2013
Number of loan claims for which restructuring of loan conditions, etc. was requested	1,107	1,950	3,026	3,822
Of which, number of loan claims regarding implementation	808	1,597	2,523	3,154
Of which, number of loan claims regarding refusal	8	22	34	45
Of which, number of loan claims under examination	118	102	99	80
Of which, number of loan claims regarding withdrawal	173	229	370	543

* The above figures are based on the combination of those for the former Sumitomo Trust and Banking Co., Ltd. and the former Chuo Mitsui Trust and Banking Company, Limited.

* As of the end of September 2013, the figures include claims regarding trust accounts as follows.

Request: 427, Implementation: 364, Refusal: 12, Under examination: 6, Withdrawal: 45

Claims regarding trust accounts refer to loan claims for which Sumitomo Mitsui Trust Bank received requests for restructuring of loan conditions, etc. from clients among those entrusted to Sumitomo Mitsui Trust Bank from other financial institutions, etc. for securitization and other purposes. Sumitomo Mitsui Trust Bank, a trustee, responds to them based on judgments by multiple people involved in trusts pursuant to the provisions of trust agreements.

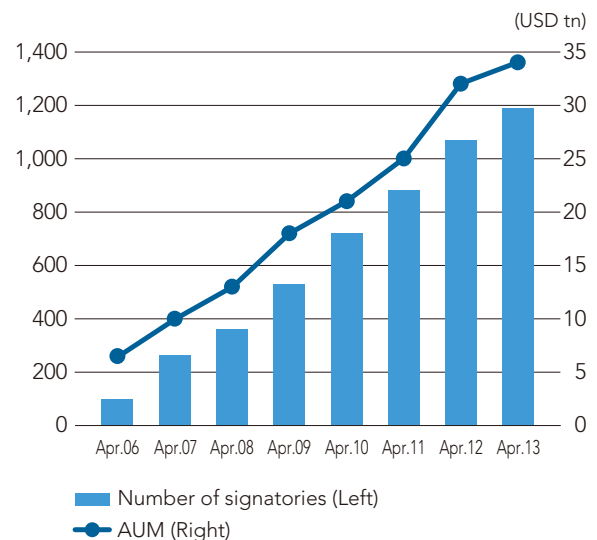
ESG-themed Initiatives in Our Asset Management Businesses



The Sumitomo Mitsui Trust Group started operation of Japan's first responsible investment (RI) fund (Nikko Eco Fund) in 1999. In 2003, we began offering an RI fund for corporate pensions for the first time in Japan. Since then, the Group members have developed various products ahead of competitors to offer to individual and institutional investors. Since 2006, the Group has been a signatory of the United Nations Principles for Responsible Investment and taken a leading role in encouraging the investment industry in Japan to address ESG (environmental, social, and corporate governance) issues actively.

As one of the largest asset management companies in Asia in terms of assets under management, we will promote RI initiatives as the market leader not only in Japan but across Asia.

Trends in Assets under Management at PRI-signatory Institutions



Source: UN PRI

Our Flagship RI Fund Strategy for Japanese Stocks

Three Steps for Our Flagship RI Fund

The Group has developed various responsible investment funds, centering on our flagship fund targeting institutional investors such as pension funds. The investment strategies of the flagship fund are outlined below.

STEP 1 Japan Research Institute (JRI) Chooses "Best-in-class" Candidates for RI Universe

- JRI, one of the most influential think tanks in Japan, conducts a survey covering 2,000 companies.
- JRI evaluates 33 industries separately for their CSR initiatives and chooses "best-in-class" companies as candidates for an RI universe.

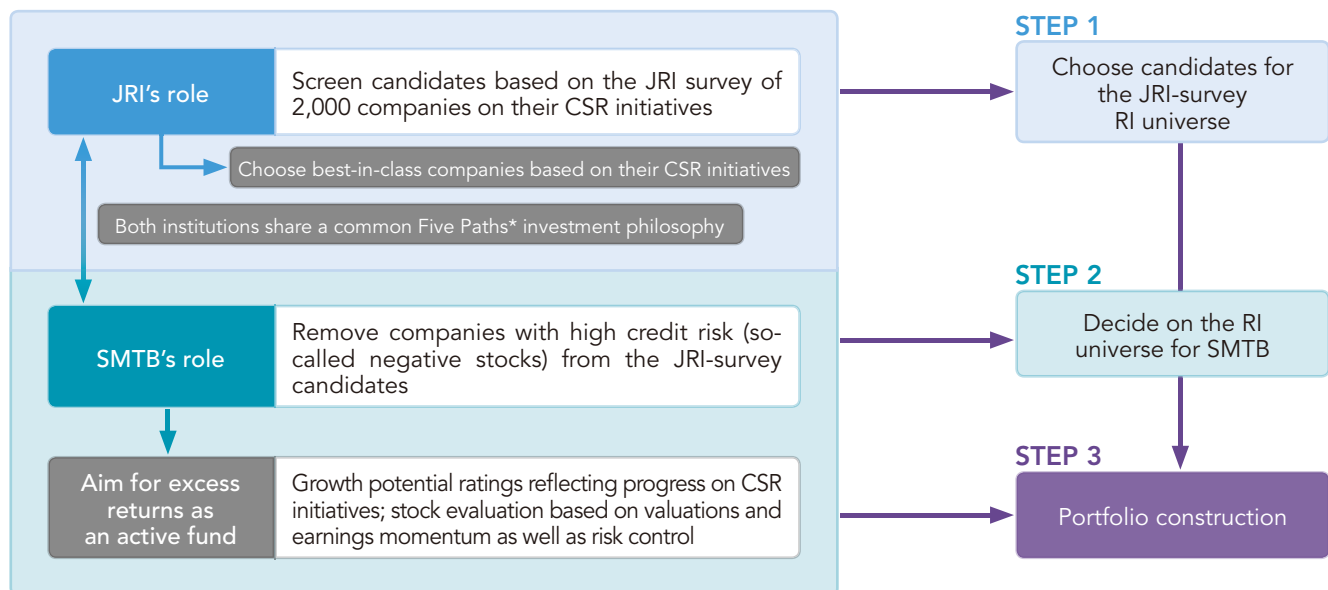
STEP 2 SuMi Trust Investment Team Selects an RI Universe

- We exclude companies with high credit risks "negative stocks" from the JRI list of candidates for an RI universe, and our "SRI universe committee," chaired by the manager of the Equity Investment Department, decides our RI universe.

STEP 3 SuMi Trust Fund Managers Choose Stocks

- Our fund managers choose stocks from among our RI universe based on 1) growth potential ratings reflecting progress on CSR initiatives and 2) equity evaluation methods of valuation and earnings momentum derived from the earnings forecasts of our Japanese stock analyst teams. We create portfolios through this approach, and seek to achieve an excess return versus the benchmark TOPIX.

Relationship between and Roles of Japan Research Institute (JRI) and SMTB (SuMi Trust)

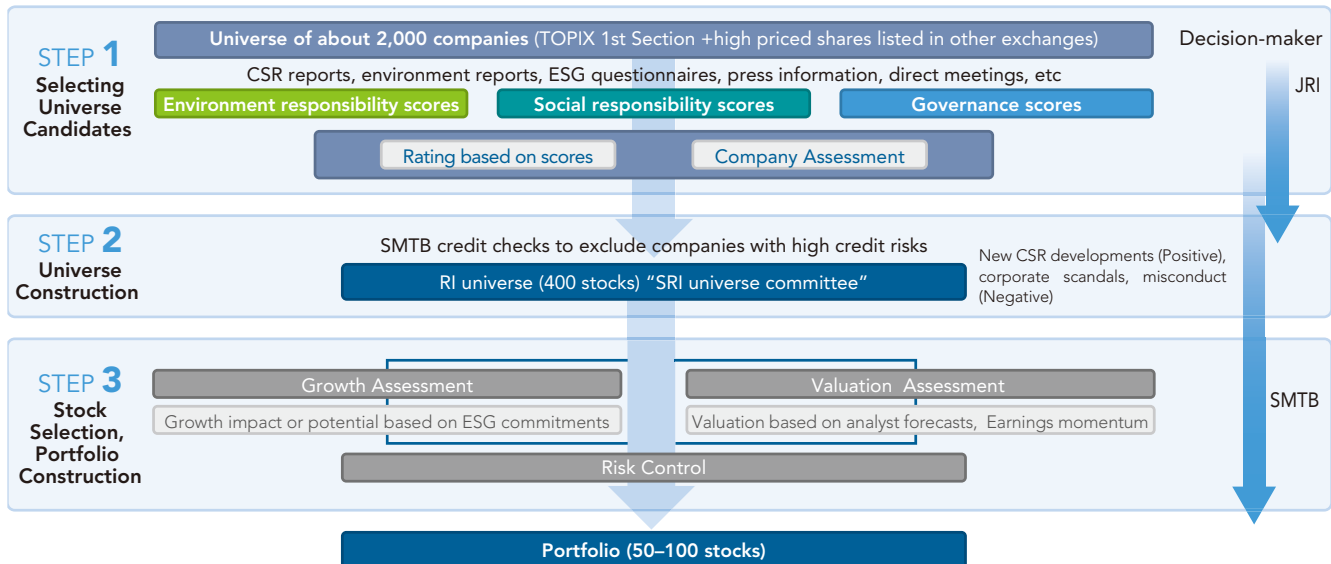


* The Five Paths are processes to enhance corporate value: (1) business innovation, (2) enhancement of corporate brands, (3) better human resources management, (4) cost management and reduction, and (5) stronger risk management.

Summary of Our RI Investment Process

We place a high value on comprehensive research in selecting stocks and constructing portfolios. As a starting point, the Japan Research Institute, Limited (JRI) conducts detailed surveys of 2,000 listed companies on their ESG initiatives to choose universe candidates. SMTB then ap-

plies screens to this stock universe drawing on data from in-house analysts that cover all sectors as well as unique information RI portfolio managers and analysts gather through direct meetings with companies. On this basis we select stocks to construct our RI portfolios.



Performance of Our Flagship RI Fund

Our flagship RI fund is actively managed and focuses on corporate activities related to ESG issues. Our RI stock selection reflects how much we think such activities can contribute to improving financial returns.

Companies that are actively committed to ESG are likely to grow sustainably. As a result, we see an RI approach as likely to generate benefits for shareholders over the long run. We seek stable, favorable performance by investing in companies that abide by relevant laws and regulations, explain their actions and fulfill their responsibilities, run the business focusing on the interests of a variety of stakeholders from both social and environmental perspectives, and are expected to perform well financially.

As you can see in the right chart, Sumitomo Mitsui Trust Bank's flagship RI fund achieved returns well in excess of the benchmark Tokyo Stock Price Index (TOPIX) for the approximately one year from around April 2012 to August 2013.

Cumulative Excess Return vs. TOPIX



Equity Analysts at SuMi Trust

Framework

The Equity Research Department at Sumitomo Mitsui Trust Bank has many analysts with over 10 years experience covering all sectors. They conduct well over 10,000 interviews a year. As research into the Asian market is one of their focal areas, we have built a joint-research framework to work with analysts at the Hong Kong-based subsidiary. In addition, our Japanese stock analysts hold over 100 meetings a year with their clients in order to exchange opinions regarding corporate governance.

Competitiveness of Analyst Activities

High quality company research

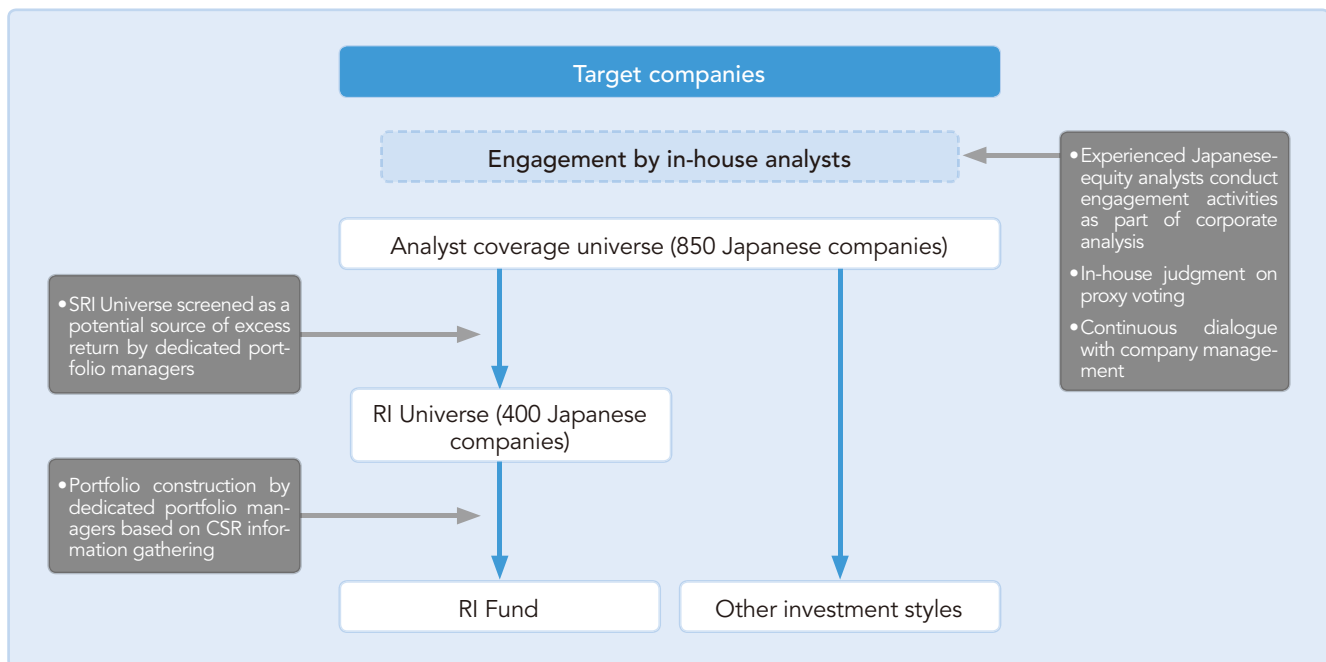
Sumitomo Mitsui Trust Bank provides high value-added information through cross-sector information sharing and the joint research of our Japanese stock team and Asian stock team. What sets us apart is our emphasis on the power of teams, rather than relying on individuals, enabling us to keep our research capabilities at a high level.

Moreover, we open the way to ongoing, quality communication with relevant companies through integration of short-term earnings forecasts with analysis of medium- to long-term industrial activity cycles and corporate strategies. Through such processes, we continue to deliver quality information to portfolio managers.

ESG research by analysts

Our analysts have been proactively tackling the ESG issues on the dual fronts of research and activities, including CSR interviews conducted jointly with RI portfolio managers, ongoing meetings on corporate governance, and in-house decision-making on the exercise of voting rights. We will further improve the precision of our ESG research and enhance our capabilities in analyzing at a finer level of detail the ESG contribution to business results and in assessing ESG risks, while promoting engagement activities with corporations.

Company Analysis and ESG Research by Our Analysts



Our RI Product Line-up (Investment Trusts)

SRI Japan Open (Good Company)

The SMTH Group launched Japan's first RI fund aimed at corporate pension funds in 2003 (flagship RI fund). Using the same RI approach, the "Good Company" mutual fund targets a wide variety of investors, including individuals, and is now regarded as one of Japan's standard-setting RI funds.

The Good Company fund strictly screens for and invests in companies with proactive ESG initiatives aimed at enhancing corporate value. It aims to achieve excess returns compared to the performance of its benchmark, the Tokyo Stock Price Index.

(Investment Manager: Sumitomo Mitsui Trust Asset Management)



China Good Company

The "China Good Company" fund is a RI fund that applies the same methodology as the Japanese flagship RI fund to Chinese stocks. The fund is attracting the attention of US and European investors as the world's first Chinese RI fund developed by an investment manager not owned by a Chinese financial institution (established in 2010).

For stock selection, we draw on Japan Research Institute's (JRI) ESG surveys and research, and we are working with Business for Social Responsibility (BSR), a US-based CSR consultant, to build a structure to gather any negative information about target companies in a timely manner.

(Investment Manager: Sumitomo Mitsui Trust Asset Management)



World Bank Bond Fund

Nikko Asset Management, a group company, developed this fund together with the World Bank in 2010. More than 30% of its portfolio is in green bonds, a fixed income instrument issued by the World Bank. Funds raised with green bonds are in principle used for lending to projects that address climate change in developing countries. This fund is thus recognized globally as a fund through which its investors can feel they are making a social contribution.

(Investment Manager: Nikko Asset Management)



Biodiversity Fund for Supporting Companies

Biodiversity refers to "a wide range of species and creatures" and "the connections among them." The Biodiversity Fund for Supporting Companies invests in Japanese companies that actively commit themselves to biodiversity conservation and sustainable use of biodiversity-reliant resources using the family-fund method. SMTB is an advisor on management of the mother fund.

Few US and European investment funds focus on biodiversity, so this fund is attracting attention in the global investment community.

(Investment Manager: Sumitomo Mitsui Trust Asset Management)



Our ESG Engagement Policy

SMTB has introduced policies to actively engage portfolio companies in the belief that providing solutions to environmental, social, and governance (ESG) issues so as to develop a sustainable society will contribute to upholding

the best interests of the ultimate beneficiaries who entrust their assets to us. This policy is illustrative of the issues and actions that serve as criteria for ESG engagement from the perspective of an asset management company.

SMTB's Actions with Respect to Environmental and Social Issues

- We require portfolio companies to address environmental and social issues from a global perspective, in line with the social good.
- In the event of a non-humanitarian act or other violations of the standards of conduct set out in the United Nations Global Compact, we dialogue with the portfolio company that committed the violation to request improvement.

Our Actions with Respect to Governance Issues

- If it is determined that management discipline at a portfolio company is not working in the interests of shareholders as a whole, we urge the portfolio company to adopt internal governance measures to improve management discipline.
- In the event of management misconduct, such as violations of the law causing impairment to shareholder value, we exercise our voting rights in a way that clarifies management's responsibility and ensures the maintenance of legal compliance. Furthermore, we positively assess compensation systems in which management shares with shareholders the benefit of increasing shareholder value over the medium- to long-term, while demanding from portfolio companies active disclosure and accountability that serves the interests of investors.

Ten principles of the UN Global Compact

Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2	make sure that they are not complicit in human rights abuses.
Labor	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4	the elimination of all forms of forced and compulsory labor;
	Principle 5	the effective abolition of child labor; and
	Principle 6	the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;
	Principle 8	undertake initiatives to promote greater environmental responsibility; and
	Principle 9	encourage the development and diffusion of environmentally friendly technologies.
Anti-corruption	Principle 10	Business should work against corruption in all its forms, including extortion and bribery.

ESG Monitoring

SMTB has established the ESG Monitoring Committee, which is chaired by an executive officer and is responsible for informing all departments across the company on specific issues set out under the ESG Engagement Policy, as well as monitoring related progress. The Committee is

also responsible for monitoring the status of engagement with portfolio companies on a regular basis. Subject to the importance and circumstances of the relevant issues, the Committee is also to consider such measures as shareholder proposals and the exercise of voting rights.



Engagement with Companies involved in Anti-personnel Mines and Cluster Bombs

The issues of anti-personnel mines and cluster bombs are being addressed on an international basis from a humanitarian point of view, as they disrupt the maintenance of peace and stability as well as restoration and development in affected regions. Accordingly, the Ottawa Convention (1999) on the prohibition of anti-personnel mines and the Oslo Convention (2010) on cluster bombs have been enforced. The global fund management industry, meanwhile, is increasingly acting to cut off financial support for related companies by stopping investment in manufacturers of them in an effort to discourage production of these weapons.

In line with the above trend, SMTB basically excludes companies that manufacture anti-personnel mines and cluster bombs* from the portfolio of active management products. For companies involved in

making such weapons that are held in our passive management products, we are encouraging them through engagement activities to suspend the manufacture of these weapons.

Since this issue is too big for us to resolve on our own, we are urging major pension funds and financial institutions overseas to cooperate with us, and we see enormous importance in reaching out so that we may see the day when anti-personnel mines and cluster bombs are no longer manufactured or used. In fiscal year 2012 alone, we managed to conduct engagement activities on this theme with two companies in the United States and one in Asia.

* On the basis of a list of companies prepared by Dutch NGO IKV Pax Christi in the report "Worldwide Investments in Cluster Munitions: a shared responsibility."

Our Philosophy on the Exercise of Voting Rights

Basic Policy on the Exercise of Voting Rights

In view of the importance of corporate governance, SMTB decides its basic policy on the exercise of voting rights to ensure that the exercise of these rights can make the man-

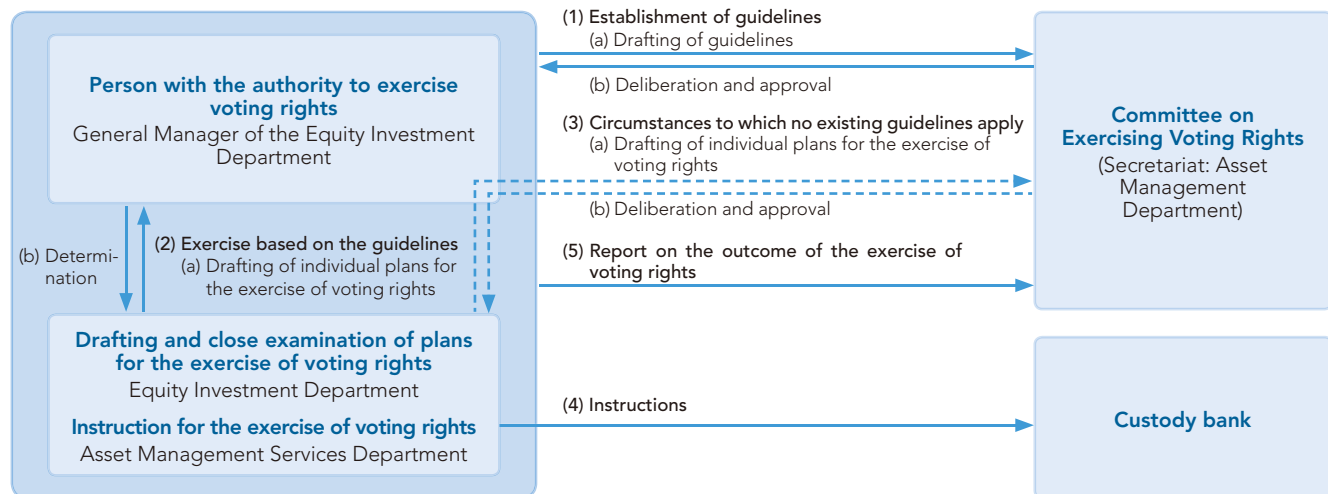
agement of portfolio companies respect the interests of and maximize long-term benefits for shareholders and ultimately benefit customers.

Corporate Governance System and Investment Criteria

We believe that the management policies and decisions of a company should be made not just to reflect the interests of shareholders but should also be based on the reconciliation of interests among various stakeholders including employees, creditors, and clients. As such, we believe that a company's management must actively develop sound corporate governance systems that respect the interests

of shareholders, in which efficient utilization of shareholders' equity and proactive disclosure to stakeholders are realized. The status of a corporate governance system in this broader sense can be a form of investment criterion. Whenever we find companies in our portfolio that do not pay sufficient heed to shareholder interests, we offer them guidance so that they pay proper attention by indicating our intention through the exercise of voting rights.

System for the Exercise of Voting Rights



Our Policies on Misconduct or Anti-social Behavior

We regard misconduct or anti-social behavior by a portfolio company or its management to be a serious breach of

corporate governance, and we endeavor to exercise voting rights in a way that improves the effectiveness of the company's corporate governance.

A View to Strengthening Corporate Governance Systems

In exercising our voting rights, we focus on communicating with portfolio companies, urging development and improvement of their corporate governance system, rather than aggressively getting involved in and posing opposition to management through dissenting opinions and

counter-proposals. On the basis of this philosophy, we examine what methods would be most effective in encouraging companies to strengthen their corporate governance system, with a view to maximizing the interests of shareholders through a range of contacts with those companies.

Our Philosophy on the Exercise of Voting Rights

Directors and Board of Directors

We believe the Board of Directors, as an executive body that governs a company, should comprise members with sufficient competence to make prompt and appropriate management decisions, and dedicate itself to adequately performing management supervision functions as separate from execution functions.

Corporate Auditors and Board of Corporate Auditors

We believe the Board of Corporate Auditors should be structured and operated so that it adequately functions as a body that monitors and supervises the execution of duties by directors.

Returning Profits to Shareholders

We believe that dividend payouts to shareholders should represent an appropriate distribution of profits according to the growth stage of the company, while taking in consideration the balance between returning profits to shareholders and retaining internal reserves based on factors including the company's financial condition and business plan.

Compensation for Officers

We believe that compensation for officers should be set at a level commensurate with the business performance of the company and in line with the distribution of profits to shareholders.

Changes to Financial Strategy and Business Operations

For such issues as changes to the corporate financial structure including the raising of new capital, and readjustments to the scale and lines of business through mergers, transfers, and acquisitions of businesses or corporate splits, we believe that management decisions by the Board of Directors should be respected in principle, unless they damage the interests of shareholders or future business development of the company.

Measures to Deflect Hostile Takeovers

We believe that portfolio companies should adopt measures against hostile takeovers that enhance long-term shareholder value, and that companies adopting such measures must meet the requirements of accountability by disclosing their intended purpose and outlines for their adoption. Such measures should be designed to provide a precise scheme that is neutral and fair to both an acquirer and acquiree, and should be adopted, renewed, and amortized subject to the consent of shareholders.

Other Proposals

Other various measures including amendment to the Articles of Incorporation must also contribute to enhancing shareholder value, ultimately for the long-term growth of the interests of beneficiaries, and accountability must be fulfilled as a prerequisite for the implementation of such measures.

The Exercise of Voting Rights for Foreign Shares

The above philosophy for domestic shares basically applies here. However, we will exercise voting rights for foreign shares based on plans drafted according to the situation in each country, in view of the fact that laws and regulations, commercial practices, and corporate governance have all developed in different economic, political, and social environments nurtured on the basis of different historical contexts in the respective countries.

Status of the Exercise of Voting Rights by Category of Proposal

Our track record on the exercise of voting rights for domestic shares at general meetings of shareholders held in the period from July 2012 to June 2013 is as follows.

1. Proposals Made by Portfolio Companies

	Approving votes	Dissenting votes	Abstention	Blind trust	Total
Appropriation of surplus, etc.	1,375	20	1	0	1,396
Appointment of directors	1,376	407	1	0	1,784
Appointment of corporate auditors	1,268	247	1	0	1,516
Partial amendment to Articles of Incorporation	563	20	2	0	585
Payment of retirement benefits	157	134	0	0	291
Revision of compensation for officers	323	4	0	0	327
Issuance of share warrants	93	44	0	0	137
Appointment of independent auditors	28	0	0	0	28
Matters related to reorganization strategies ^{*1}	60	0	0	0	60
Other proposals by the company ^{*2}	186	31	0	0	217
Total	5,429	907	5	0	6,341

^{*1} Merger, transfer or acquisition of business, share exchange, share transfer, company split, etc.

^{*2} Purchase of treasury stock, reduction of statutory reserve, capital increase by allocation of new shares to a third party, capital reduction, consolidation of shares, measures to deflect hostile takeovers, etc.

2. Proposals Submitted by Shareholders

	Approving votes	Dissenting votes	Abstention	Blind trust	Total
Total	1	132	0	0	133

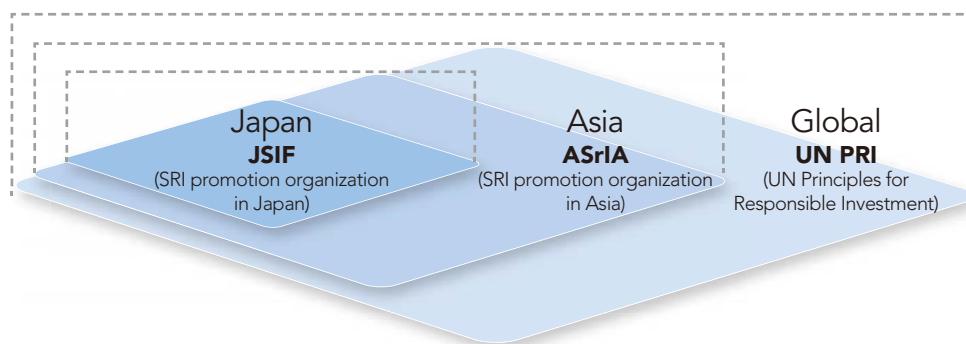
Global Collaboration and Educational Activities

The UN PRI was established in 2006 to evaluate the environmental, social, and governance (ESG) initiatives of companies and promote the use of responsible investment (RI) in the stocks or bonds of such companies. The number of UN PRI signatories has increased year on year to about 1,200 institutions in 2013, with the total assets under management (AUM) of signatories exceeding USD 34 trillion.

This trend stems from energetic outreach by UN PRI, NPOs, and NGOs. The SMTH Group has built strong relationships with three organizations in this

field: UN PRI at the global level, Association for Sustainable and Responsible Investment in Asia (ASrIA) in Asia, and Japan Sustainable Investment Forum (JSIF) in Japan. These relationships have enabled us to contribute to the development of the RI market.

We will strive to continue working on educational activities and expansion of the RI market by leveraging various opportunities as a leading player in financial markets.



Working to Develop a Global RI Market

All of our group companies are UN PRI signatories, and we have co-chaired the UN PRI Japan network since 2010. In October 2013, at the annual UN PRI conference held in Cape Town, South Africa, we introduced Japan's activities.

The SMTH Group is also a member of the Global Compact Japan Network (GC-JN), an organization in which UN Global Compact signatories in Japan participate. We have

co-chaired the "SRI subcommittee" along with Daiwa Institute of Research and Daiwa Securities since 2011, and held a number of seminars. We will continue to participate in ESG workshops, provide information and hold seminars, which are a part of securities services operations to widely distribute RI information with a global perspective.



Participating in GRI Global Conference as a G4 Multi-Stakeholder Committee Member

The Global Conference on Sustainability and Reporting 2013 was held in Amsterdam, Netherlands on May 22-24, 2013, timed to coincide with the release of the Global Reporting Initiative's fourth-generation (GRI/4G) of International Sustainability Reporting Guidelines. More than 1,600 people from 80 countries convened at the conference, with SMTH in attendance as a member of the G4 multi-stakeholder committee.



Activities in Asia

Since joining ASrIA, which promotes SRI in Asia, in July 2004, SMTH has contributed as a member to the advancement of responsible investment. In September 2011, we

participated in a panel discussion, held at a tenth anniversary ASrIA event, entitled "Shareholder activism: How to do it successfully in Asia?" as a panelist.

Leading Japan's RI Market

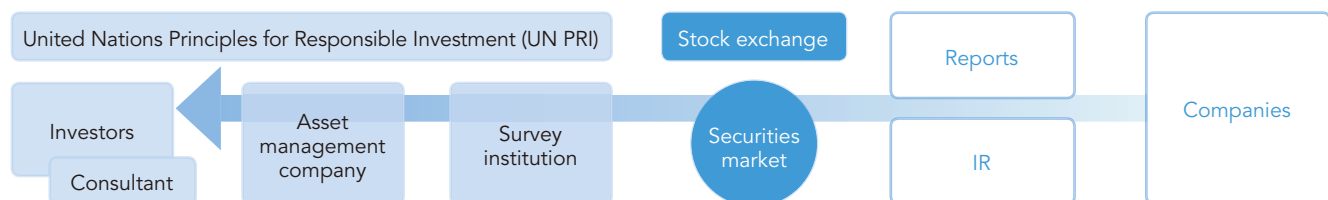
The RI value chain is a process in which the CSR and ESG activities of companies are evaluated in capital markets, and the shares or bonds issued by such companies to raise funds are purchased by investors via RI strategies. The Group is working on a variety of initiatives to further strengthen the RI value chain in Japan.

We are a core member of JSIF, providing lecturers at study groups and symposiums as well as contributing to JSIF's annual reports as a way to actively disseminate information. Thus, we have contributed to the development of Japan's RI market.

Since the publication of the GRI/G4 sustainability reporting guidelines, the Group has been actively voicing

its opinions from the viewpoint of investors on the importance of non-financial information disclosure as well as the proper role of integrated reports. In December 2013, the Group served as a panelist at a seminar marking the publication of a Japanese (provisional) edition of the G4 guidelines as a member of the G4 multi-stakeholder committee.

At the seminar, the Group emphasized the importance of taking on ESG issues at various stages of asset management by linking the RI value chain to new moves now under way in Japan, including debate on reforming public pension fund management and introducing a Japanese version of the Stewardship Code.



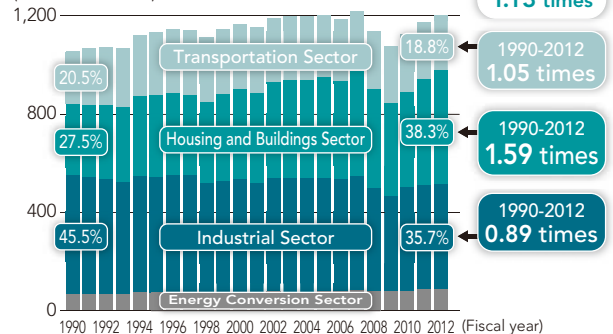
ESG-themed Initiatives in Our Real Estate Businesses

Environmentally friendly property addresses issues such as climate change and loss of biodiversity by taking the environment into account through energy-saving design, renewable energy use, water resources protection, longer building life spans, recyclable material use, habitat conservation and creation, indoor environment improvements and other measures. These features translate into enhanced environmental performance such as reduced energy consumption, lower CO₂ emissions, and less water usage as well as greater adoption of renewable energy and recycled materials, and restoration of biodiversity.

In the Group's view, these initiatives not only yield the direct benefits of energy savings and lower maintenance costs, but also help attract corporate tenants that are keenly aware of environmental issues and put a high value on improving intellectual productivity. We thus believe this approach leads to highly profitable and stable businesses that make effective use of real estate.

CO₂ emissions by sector

(Million tons of CO₂)



Source: Prepared based on data from "Energy-oriented CO₂ Emissions (FY2012 preliminary report)," Ministry of Economy, Trade and Industry

Note: The sector emission ratios are measured against the total emission volumes, including the energy conversion sector.

Visualizing Added Value in Environmentally Friendly Property

Added Value of Environmentally Friendly Property

It is often said environmental friendly property “costs more than usual and is difficult to invest in,” but price theory in real estate investment suggests such buildings are able to generate added value equal to or greater than their additional cost.

From the perspective of profitability (how much and how long do properties generate steady profits), a property's price derives from net income (revenue minus costs) divided by the real estate capitalization rate. The greater gross income including rents is, and the lower the costs of utilities, maintenance, and building management are, the higher net income is, and so the higher the price valuation of a property. In addition, stable properties with less income fluctuation risk are awarded higher valuations as investors require a lower yield from them.

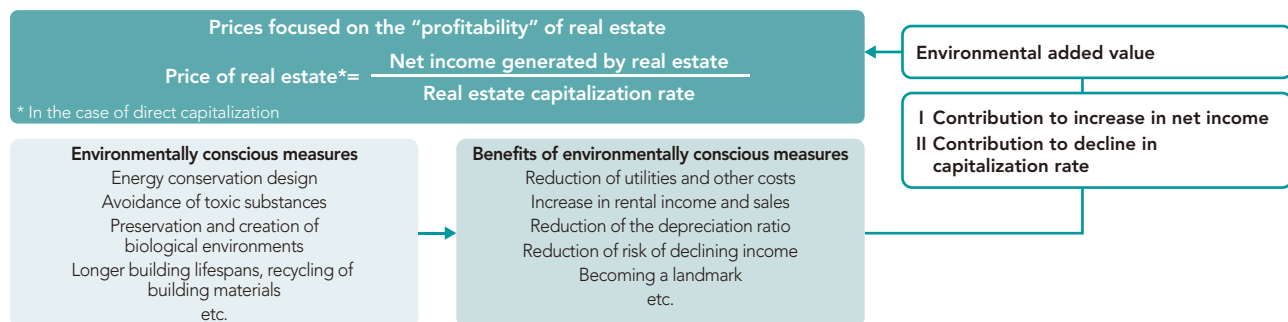
Environmentally friendly property can earn higher net income by reducing utility expenses via energy savings and

maintenance and operating expenses via the enhanced durability of parts and materials. Furthermore, such buildings can also generate higher gross income on higher rents stemming from higher productivity enabled by their enhanced office environments and the cachet boost from their environmental credentials.

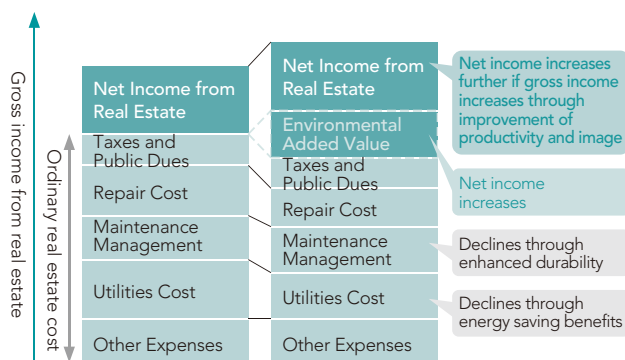
Furthermore, environmentally friendly property is less exposed to future environment-related tax hikes or tougher regulations, so the capitalization rate for such buildings factors in less environmental risk. A lower depreciation rate resulting from a longer life span as well as enhanced appeal as environmentally friendly can also lower the capitalization rate.

For the reasons above, Sumitomo Mitsui Trust Bank believes that environmentally friendly property will realize added value.

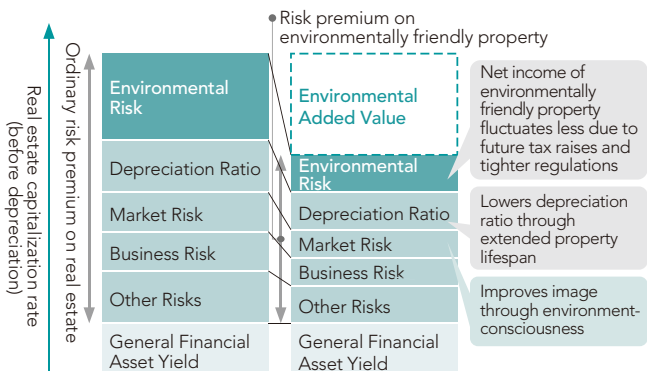
Conceptual diagram of environmental added value (1) Prices focused on the “profitability” of real estate



Conceptual diagram of environmental added value (2) Reflection in net income



Conceptual diagram of environmental added value (3) Reflection in capitalization rate



Source: Partial revision of the “A Note on Environmental Value Added for Real Estate,” a commemorative paper written by Masato Ito in 2005 for the 10th anniversary of Tokyo Association of Real Estate Appraisers

Towards Expansion of Environmentally Friendly Property Market

Sumitomo Mitsui Trust Bank (SMTB) has made many recommendations related to environmentally friendly property since the 2005 release of a paper about the added value created by such buildings.

In terms of services, we use the unique characteristics of a trust bank to offer a diverse lineup of business services related to environmentally friendly property, including consulting services on environmentally friendly construction. We established a section dedicated to environmentally friendly property as the first financial institution in Japan in 2010.

“What kind of real estate is environmentally friendly?” “Does environmentally friendly property have value as an investment?” By providing carefully thought-out responses to such questions, we believe SMTB has been the leading company in Japan’s environmentally friendly property market.

We are working to realize a sustainable society by bringing environmentally friendly property into the mainstream and linking this with business sustainability. We consider these aims a part of our mission and will continue our endeavors to expand the market for environmentally friendly property.

Balancing Environmental Friendliness and Economic Performance

I believe that real estate has a significant role to play in resolving global environmental problems and creating a pathway to a sustainable society. Initiatives concerning environmental friendliness in real estate should be based on the concept of investment, i.e., “aiming to increase property asset values by raising profits and enhancing stability,” rather than on the idea of “doing something good for the environment, even if it means spending a little extra money.” Since publishing a paper on the added value of environmentally friendly property in 2005, I have discussed these ideas with various stakeholders both in Japan and overseas. In the course of those talks, I was convinced that bringing environmentally friendly property into broad use while balancing such con-

siderations with economic performance is not only entirely possible but indispensable for the future of real estate-related businesses. SMTB launched a section dedicated to environmentally friendly property in 2010, and we will continue to strive to promote the spread of environmentally friendly property from a business angle.

Sumitomo Mitsui Trust Bank
Real Estate Advisory Department
Deputy General Manager, Appraisal and CSR
Head of the Environmentally Friendly
Property Promotion Team

Masato Ito



Our Business Lineup in Environmentally Friendly Property

1 Environmentally Friendly Construction Consulting

To promote the introduction of environmentally friendly property, SMTB provides environmentally friendly construction consulting services where we advise on the installation of energy-saving systems into buildings, ways to take into account landscapes and ecosystems, extension of building life spans, and adoption of recycling systems.

As interest in environmental issues has grown, so has the number of properties applying for CASBEE®* certification or voluntary evaluation in the past several years. In fiscal year 2009, the new central branch of The Yachiyo Bank, Limited (Shinjuku-ku, Tokyo) and the new head office building

of Toyo Seikan Group Holdings, Ltd. (Shinagawa-ku, Tokyo), both of which achieved the highest classification CASBEE S rank, were properties for which we were consultants. These buildings were also selected by the Ministry of Land, Infrastructure, Transport, and Tourism (MLIT) as model projects for promoting CO₂ reduction in housing and buildings (this is now known as the “leading projects for promoting CO₂ reduction” program for housing and buildings).

* The comprehensive assessment system for built environment efficiency (CASBEE) certification is an environmental performance evaluation system for buildings being developed and promoted in Japan under the guidance of MLIT.

Examples: Environmentally friendly construction consulting

Company Name	Location	Use	Number of Floors	Floor Area	Target Rank
Clarion	Saitama Prefecture	Headquarters office and research center	10 floors above ground, 1 penthouse floor	Approx. 19,000 m ²	A (certification completed)
Yachiyo Bank	Tokyo	Central branch*	9 floors above ground	Approx. 7,700 m ²	S (certification completed)
Chuo Labour Bank	Tokyo	Central branch	1 basement floor, 9 floors above ground, 2 penthouse floors	Approx. 6,000 m ²	A (voluntary evaluation)
	Kanagawa Prefecture	Office	1 basement floor, 7 floors above ground, 1 penthouse floor	Approx. 10,000 m ²	B+ (application)
AEON MALL	Tokyo	Commercial facility	5 floors above ground	Approx. 150,000 m ²	A (certification completed)
FUJI	Ehime Prefecture	Commercial facility	3 floors above ground	Approx. 140,000 m ²	B+ (certification completed)
Ito-Yokado	Yokohama City	Commercial facility	4 floors above ground	Approx. 29,000 m ²	B+ (application)
Toyo Seikan Group Holdings	Tokyo	Office*	2 basement floors, 21 floors above ground, 1 penthouse floor	Approx. 72,400 m ²	S (certification completed)

*Selected for subsidies under the MLIT-led “leading projects for promoting CO₂ reduction” program for housing and buildings

Case Study A Osaki Forest Building, Toyo Seikan Group Holdings

We were commissioned as a consultant to meet the client's needs for cost fairness and transparency on a high-rise building project for which a construction company had already been named the project contractor.

We conducted an accurate cost assessment based on actual market prices and offered advice on balancing function, design, maintenance, and operation. On environmental matters, we provided technical support to realize energy savings and CO₂ reductions along with assisting in the creation of a tenant cooperation system. We also advised the client on growing plants on the building's exterior in a way that pays heed to biodiversity. The building received JHEP habitat certification from the Ecosystem Conservation Society—Japan. (selected for subsidies under the MLIT-led “leading projects for promoting CO₂ reduction” program for housing and buildings; CASBEE®: S Rank)



Building area:
Approx. 3,400 m²

Total area:
Approx. 72,000 m²

Steel construction and steel-frame reinforced concrete structure, 21 floors above ground, 2 basement floors, 1 penthouse floor

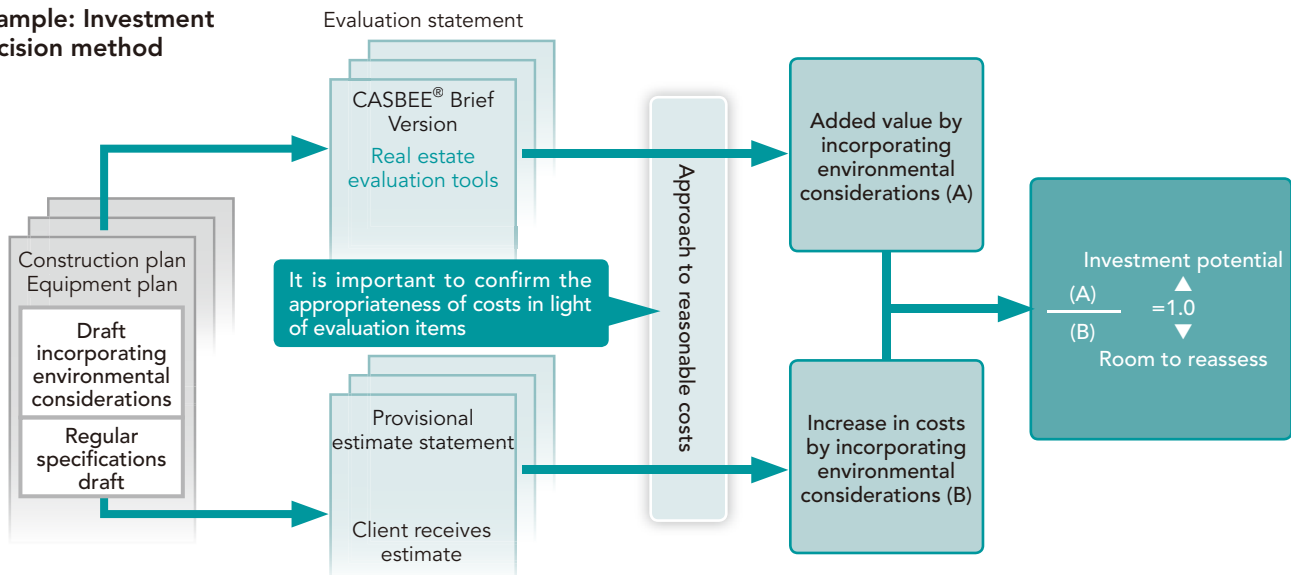
Completed in
December 2011

2 Consulting on Environmental Added Value

We estimate how much higher environmental performance through construction or renovation can raise property prices as a form of “environmental added value” and offer advice on environmentally friendly design.

We also assess qualitative items (image enhancement, risk reduction, etc.) that are not evaluated in the real estate market at present and offer advice, with an eye on future increases in corporate value.

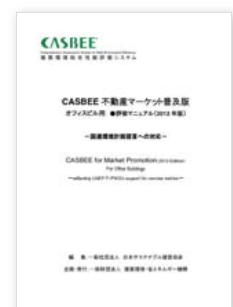
Example: Investment decision method



Initiatives Using “CASBEE for Market Promotion”

CASBEE for Market Promotion is a system developed for the purpose of promoting widespread use of environmental building performance evaluations in the real estate market. While maintaining consistency with the CASBEE® Standard Version, CASBEE for Market Promotion sharply narrows down evaluation items and takes into account consistency with environmental performance items that are focused on overseas.

SMTB is a participant in developing CASBEE for Market Promotion as an organizer of a CASBEE subcommittee. We will continue to provide services using this system in our environmentally friendly property business, including consulting on environmental added value.



Evaluation items in CASBEE for Market Promotion

Energy/Greenhouse gases	<u>Target setting and monitoring/energy saving standards</u> , usage and emissions intensity (calculated values), usage and emissions intensity (actual values) , renewable energy
Water	<u>Target setting and monitoring</u> , water usage intensity (calculated values), water usage intensity (actual values)
Use of resources/Safety	<u>Disaster prevention and safety (new earthquake resistance, etc.)</u> , high earthquake resistance/seismic isolation and vibration damping, etc., usage of recycled materials , service life of structure materials, necessary renewal interval for main equipment functions, higher self-sufficiency ratio (electricity, etc.), maintenance and operation
Biodiversity/Sustainable site	<u>No use of invasive alien species</u> , enhancement of biodiversity , soil environment quality/regeneration of brown fields, public transportation access, measures in preparation for natural disaster risks
Indoor environment	<u>Attainment of building sanitation management standards</u> , use of daylight, natural ventilation function, view

* 1 Underlined items are prerequisites (they must be met to pass the evaluation).

* 2 Items in **red** are related to universal metrics recommended by the United Nations Environment Programme (UNEP).

3 Assistance to Help Subsidy Applicants Qualify

What is the “Leading Projects for Promoting CO₂ Reduction” Program?

Leading projects (construction and renovation projects) that show outstanding initiative in CO₂ reduction can apply to a MLIT-led public subsidy program.

The program grants subsidies up to one half of the budget for construction and other costs of pioneering

initiatives. The average per-project subsidy (budget) has trended for a while in the range of 200 million yen.

Recipient projects are announced by MLIT and published on the Building Research Institute website. Recipients can present their projects at the time of selection and completion.

“Leading projects for promoting CO₂ reduction” program for housing and buildings: Number of applications, recipients, and budget amounts

Fiscal year	Applications	Recipients	Budget
	Number of projects	Number of projects	
2008	155	20	5 billion yen
2009	84	33	7 billion yen
2010	91	27	Included in 33 billion yen for projects promoting the environment and use of stock real estate
2011*	74	24	Included in 16 billion yen for projects promoting the environment and use of stock real estate
2012	92	25	Included in 17 billion yen for projects promoting the environment and use of stock real estate

*Figures for fiscal year 2011 exclude the third round, a section for specified disaster-afflicted zones. (Source: MLIT)

Our Initiatives Involving the “Leading Projects for Promoting CO₂ Reduction” Program

As part of our environmentally friendly construction consulting, we offer support for projects that seek to qualify for subsidies.

We also provide specialized consulting services to assist in applying for subsidies under the MLIT-led “lead-

ing projects for promoting CO₂ reduction” program for housing and buildings, offering assistance not only in material matters, but also in consulting based on our extensive experience and expertise in building management and the like.

* Our consulting service does not guarantee applicants will be granted subsidies under the “leading projects for promoting CO₂ reduction” program.

Case Study B Yachiyo Bank, Central Branch

In its project to rebuild its central branch, Yachiyo Bank sought to heighten its crisis management capabilities by bolstering earthquake resistance as part of its business continuity plan (BCP). At the same time, it wanted the plan to reflect its desire to contribute to the local community and protect the environment. Managing such a project systematically requires extensive knowledge and a high level of expertise, so it turned to our consulting service.

Taking into account the client’s aspirations, we suggested it emphasize fairness and cost effectiveness by choosing a designer using an open proposal process.

In environmental terms, the building has been highly praised for its CO₂ reduction technologies, including improved insulation and natural energy usage, as well as for its scheme for realizing an environmental communication cycle that use its strengths as a regional bank.

(Selected for subsidies by MLIT as a model project for promoting CO₂ reduction in housing and buildings (this is now known as the “leading projects for promoting CO₂ reduction” program for housing and buildings); CASBEE®: S Rank Certification)



4 Consulting on Smart City Projects

1 What is a Smart Community?

A smart community is a regional deployment of next-generation energy and social systems that combine in multiple ways concepts such as the “coordinated use” of energy, which means effectively using not only electricity but also heat and untapped energy, as well as transformation of regional transport systems and people’s lifestyles (from the website of the Ministry of Economy, Trade and Industry).

To build sustainable cities in the future, what is important from a regional development viewpoint is creating smart towns and smart cities with smart community systems.

To create smart towns and smart cities, environmental and social targets should be clearly set from the basic planning stage. Furthermore, it will be necessary to generate economic added value in response to higher costs.

2 Our Initiatives for Smart Communities

For smart community projects, SMTB assists in creating a framework linking environmental and various other initiatives to economic added value and drawing up project plans. In addition, we help the projects succeed through our financial functions such as leases and housing loans.

Case Study C Fujisawa Sustainable Smart Town

The “Fujisawa Sustainable Smart Town” is a project currently being carried out by Panasonic Corporation at the former site of Panasonic’s Fujisawa factory.

Panasonic Corporation, Fujisawa City, and eleven partner companies, including SMTB, are on track to launch the smart town with an opening date set for spring 2014.

We are participating in the project in various capacities, such as designing the smart town evaluation indicators (environmentally friendly property values),

investigating eco-point and town card mechanisms, planning project-specific products for environmentally friendly housing loans, and providing leasing and financing schemes.

This project is also praised for its community-wide comprehensive CO₂ reduction efforts together with town management. It was selected for subsidies under the MLIT-led “leading projects for promoting CO₂ reduction” program for housing and buildings.

Outline of the Fujisawa Sustainable Smart Town evaluation indicators (environmentally friendly property value)



5 Supporting Formation of Environmentally Friendly Property Funds

On October 1, 2013, SMTB joined with MLIT and the Real Estate Sustainability & Energy-Efficiency Diffusion (Re-Seed) Association to conclude a “partnership agreement on the amended Real Estate Specified Joint Enterprise Act and program to promote the formation of environmentally friendly, earthquake resistant property.” Under this agreement, we work together with MLIT and Re-Seed to foster use of the program to promote the formation of environmentally friendly, earthquake resistant property and the amended Real Estate Specified Joint Enterprise Act. We cooperate on matters such as providing information to each other, introducing cases that could benefit from use of the program, and presenting investment opportunities to fund managers.

With our extensive knowledge of real estate services and wealth of experience in environmentally friendly property, we use information supplied by MLIT and Re-Seed to disseminate relevant information to our clients and other stakeholders. We likewise study the commercial potential of each case referred to us based on the information we receive, harnessing the Group’s comprehensive capabilities in areas such as equity arrangements, financing, fund management, asset management, effective-use consulting, and construction consulting as well as serving as a broker for rentals, purchases, and sales.

Sumitomo Mitsui Trust Bank’s service lineup menu

Services Provided	Business Department	Description/Strengths
Financing arrangements	Real Estate Finance Department	Mezzanine arrangements and supplying financing
Equity arrangements	Real Estate Business Department I	Attracting investors seeking medium- to long-term stable returns in line with the fund concept
Trusts under management	Real Estate Custody Business Department	Verifying eligibility in the event of liquidation, handling due diligence
Brokering sales or purchases of real estate	Real Estate Business Departments	Exit support through disposal activities taking advantage of our wide-ranging channels in Japan and abroad
Fund management/asset management services	Sumitomo Mitsui Trust Real Estate Investment Management Co., Ltd.	Scheme formation capabilities, smooth debt-equity procurement, and arrangements based on our track record and credibility in FM (AM) as a financial institution
Tenant leasing	Real Estate Business Solution Departments	(1) Securing places to relocate existing tenants; (2) Attracting competitive new tenants at the time of rebuilding or development
Construction consulting	Real Estate Advisory Department	Total support, from drawing up plans to verifying business feasibility and management of cost scheduling etc., based on our neutrality as a financial institution
Businesses related to environmentally friendly property	Real Estate Advisory Department	(1) Business plan proposals in sync with government-promoted concepts by formulating environmentally friendly renovation and development plans using CASBEE® etc. (2) Support for fund formation using a global network of real estate investors through the United Nations Environment Programme Finance Initiative Property Working Group (UNEP FI PWG) etc.

Leading Company in Japan's Environmentally Friendly Property Market

As a leading company in environmentally friendly property, Sumitomo Mitsui Trust Bank has been making various recommendations aimed at developing the market. We are playing a driving role in further spreading environmentally friendly property in Japan, while we actively participate in a range of study groups, committees, and forums in Japan and overseas.

Sustainable Real Estate Study Group

Since 2007, the Group has run the Sustainable Real Estate Study Group, chaired by Professor Tomonari Yashiro (Institute of Industrial Science, University of Tokyo). Subsidized by the Trust Sixty Foundation, the study group brings together stakeholders from multiple fields across industry, government, and academia to elucidate mechanisms that factor environmental efforts into market value and examine how to promote them. It engages in a wide range of promotion and awareness-raising activities such as publishing literature and organizing business seminars on sustainable real estate.



Smart City Study Group

Since 2013, the Group has run the Smart City Study Group, also chaired by University of Tokyo Professor Yashiro and subsidized by the Trust Sixty Foundation. The group brings together leading experts from various fields across industry, government, and academia to engage in discussion on smart cities, which are attracting worldwide attention as a 21st century urban planning model. The purpose of the discussion is to identify what is required for smart cities to sustain value in the long term and to study related challenges and the direction they are going.

Supporting Creation of Market Foundation for Spread of Environmentally Friendly Property

Since 2008, the Group has participated in MLIT activities such as committees for the spread of environmentally friendly property, collaborated on setting up the MLIT's Green Building Online Portal and helped organize the International Land Policy Forum.



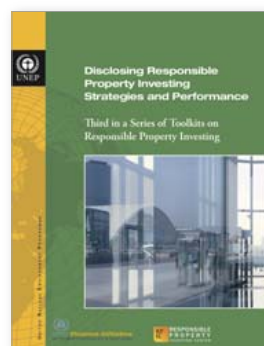
Recently, we have been working on the visualization and distribution of information about environmentally friendly property as a chair of Working Group A in

the Study Committee on the Promotion and Spread of Environmentally Friendly Properties.

Furthermore, in the belief that the MLIT-led comprehensive assessment system for built environment efficiency (CASBEE) should be used effectively in the real estate market, the Group has supported its spread by actively making proposals in a CASBEE subcommittee. As an organizer of the subcommittee, we were involved in the development of CASBEE for Market Promotion.

Our Activities as an UNEP FI Property Working Group Member

As a member of the United Nations Environment Programme Finance Initiative Property Working Group (UNEP FI PWG), the Group has collaborated on the creation and translation of tools and case studies to encourage investment in properties that take sustainability into account. We actively make recommendations for the promotion of such properties.



Process 2

CSR Activities for Improving the Alignment of Our Business Activities with Society



Creating Shared Value

In their core businesses, financial institutions face considerable pressure to conform to society and meet its demands. From this viewpoint, the Group has been working to advance its governance, compliance, and risk management. We are dedicated to creating a corporate culture of respect for human rights, and wish to contribute to the realization of a fair and just society in which human rights are respected. We are also dedicated to reducing the environmental burden of our business activities, and are working to help resolve the problem of climate change and contribute to recycling through energy conservation and waste reduction. In these ways, we are working to improve our alignment with society to help the Group to strengthen its corporate foundation and contribute to increased long-term economic value.

Preventing
the Loss of
Societal Value

**Creating
Shared Value**
(Creating a Sustainable Society)

Strengthening
the Group's
Corporate
Foundation

Improving Alignment with Society

Organizational
governance

Human rights

Community
involvement and
development

ISO 26000's
core subjects of
social
responsibility

Labor practices

Consumer issues

The environment

Fair operating
practices

Corporate Governance, Internal Control

The Group has created a management structure befitting a trust bank group that boasts the largest scale and highest status in Japan, combining the banking, asset management and administration, and real estate businesses. We are striving to ensure management transparency and soundness, while speeding up our decision-making in order to respond with flexibility to changes in the environment.



Outline of Corporate Governance System

Role of Sumitomo Mitsui Trust Holdings in the Group

In the Group, there is a management structure which allows Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Trust Asset Management, and Sumitomo Mitsui Trust Research Institute to pursue their respective business activities in an independent manner. As a holding company, Sumitomo Mitsui Trust Holdings (hereafter SMTH) focuses on the management of business operations, taking responsibilities for the following functions:

- Formulating group management strategy,
- Monitoring administration of business activities,
- Allocating management resources,
- Supervising risk management,
- Supervising compliance management, and
- Managing internal auditing.

Business Execution and Supervision System

As part of an effort to implement group management strategies effectively, some of the directors of Sumitomo Mitsui Trust Bank are concurrently serving as directors of SMTH.

The Board of Directors of SMTH is composed of ten directors and is chaired by its Chairman (who is not serv-

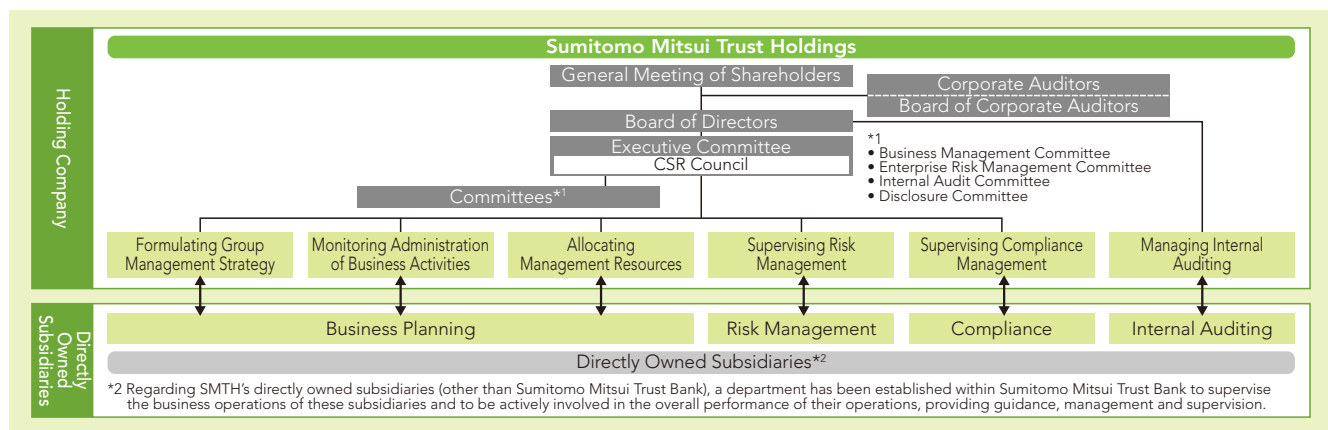
ing concurrently as an executive officer). In June 2013, two external directors were newly appointed, as part of the initiative to enhance management transparency and reinforce monitoring functions. In view of the business environment, which continues to experience huge changes, the directors' term of office is set at one year to better clarify their management responsibility.

Established under the Board of Directors is the Executive Committee, chaired by the President with participation of relevant officers. The Executive Committee addresses material issues relating to the execution of business activities, in line with basic policy established by the Board of Directors, and undertakes preliminary discussions pertaining to the Board of Directors' resolutions.

Within the Executive Committee, the CSR Council and other committees such as the Business Management Committee have been established. This system enables transparency and soundness of management, and faster decision making.

Furthermore, Sumitomo Mitsui Trust Bank is taking measures when appropriate for sharing information and enhancing insights among officers with respect to mat-

Corporate Governance System



ters concerning basic management policies, as well as material issues relating to each division. In 2013, key intellectuals were invited to give lectures to all officers and executive officers on the latest trends and experts' opinions on issues including: (1) corporate governance and officers' compliance in connection with the revision of the Companies Act, (2) restrictions on the scope of business at financial institutions, and recent relevant revisions of laws and regulations, along with relevant government policies, and (3) tax reform.

Internal Control

An internal control system is designed to prevent the occurrence of misconduct by putting various mechanisms and rules into place for the purpose of conducting sound management in a company. Basically, there are four objectives: (1) effectiveness and efficiency of operations, (2) reliability of financial reporting, (3) compliance with laws and ordinances concerning business activities, and (4) safeguarding of assets. A company achieves these objectives by developing and operating its internal control system.

At SMTH, in order to accomplish the four above-mentioned objectives, the Board of Directors decides on the Basic Policy on Internal Control, for development of the following systems: (1) Compliance system, (2) Risk management system, (3) Business execution system, (4) System to obtain transparency of management, (5) Management system to ensure the appropriateness of operations at the Group, (6) Information storage and management system, (7) Internal auditing system, and (8) System regarding audits by corporate auditors.

Audit

SMTH, as a company with corporate auditors, has put in place a Corporate Governance System.

In accordance with the policy on audit and the allocation of duties determined by the Board of Corporate Auditors, the corporate auditors attend the Board of Directors and other important meetings, and receive reports from directors regarding the status of execution of duties. They also browse important documents, investigate the headquarters, receive business reports from subsidiaries as necessary, etc. They thereby audit the directors' execution of duties.

The full-time corporate auditors work to share information with part-time corporate auditors at the Board of Corporate Auditors and liaison meetings by giving them reports on audit information collected in daily audit activities. These include information on proposals at important meetings such as the Executive Committee, and the content of investigations of SMTH and subsidiaries. Part-time corporate auditors perform auditing from multi-faceted perspectives, such as legal and corporate management ones, in addition to stating their opinions at the meetings of the Board of Directors and Board of Corporate Auditors, etc.

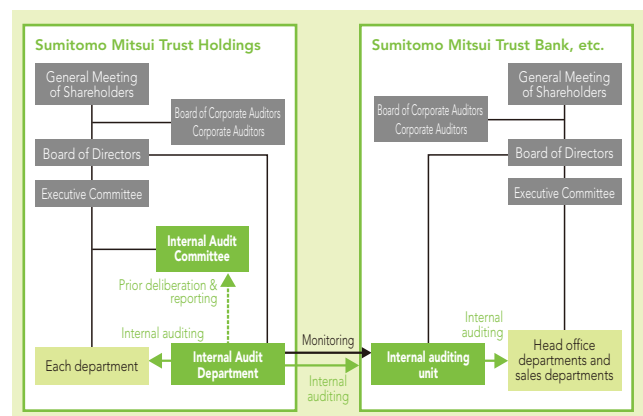
Corporate auditors hold periodic meetings with the Independent Auditors, receiving auditing information, as well as reports on auditing plans, status of auditing performed, auditing results, etc., in addition to exchanging opinions and sharing information. They also monitor and verify whether the Independent Auditors maintain an independent standpoint and perform auditing appropriately. At periodic meetings with the internal audit unit, corporate auditors receive reports and exchange opinions on internal auditing results, give recommendations and indications to the internal audit unit, and exchange information.

Regarding internal auditing, an internal audit unit, which is independent of units pertaining to business execution, creates the policy on development of internal auditing system and internal auditing plans of the Group. It also performs internal auditing for each business execution unit, and indicates and recommends points to be improved.

Basic Policy on Internal Control System Structure



Internal Auditing Implementation System



Independence of Officers

(1) Directors

SMTH has placed concurrently serving directors in Sumitomo Mitsui Trust Bank, with the purpose of establishing a framework to effectively carry out group management strategies. In June 2013, two external directors were appointed to ensure reinforcement of management monitoring functions. These two external directors, on the basis of their career background and other relevant factors, were believed to be free from potential conflict of interest with public shareholders of SMTH, and thus were appointed as independent officers.

Reasons for the Appointment of External Directors

Toshio Hoshino (Former representative director and senior executive vice president of Kao Corporation): Mr. Hoshino was appointed external director, as he was expected to offer his wealth of experience and extensive insight developed in his capacity as senior executive of a listed company to further enhance the quality of SMTH's management.

Soichi Shinohara (Professor at the Faculty of Economics at Doshisha University): Professor Shinohara was appointed external director, as he was expected to offer his wealth of knowledge about, and sophisticated insight into, economic issues both at home and abroad to further enhance the quality of SMTH's management. He developed his knowledge and insight in his capacity as an economist specializing in international economics and macroeconomics.

(2) Corporate Auditors

The Board of Corporate Auditors at SMTH comprises a total of six corporate auditors, two full-time and four part-time (external auditors). Of these auditors, the four external auditors are in place to ensure the independence of audit functions. Furthermore, these four external auditors were

appointed as independent officers, on the basis of their career background and other relevant factors and as they were believed to be free from potential conflict of interest with public shareholders of SMTH.

Reasons for the Appointment of External Auditors

Hiroyuki Nakanishi (Advisor to Mitsui Chemicals, Inc.): Mr. Nakanishi was appointed external auditor, as he was expected to offer his wealth of experience and extensive insight developed in his capacity as a senior executive of a listed company to further enhance the quality of audits at SMTH.

Yasuhiko Takano (Attorney at law): Mr. Takano was appointed external auditor, as he was expected to offer his legal expertise and wealth of experience in corporate legal affairs to further enhance the quality of audits at SMTH.

Tetsuya Yoshimoto (Former President of the Takamatsu High Court): The Honorable Judge Tetsuya Yoshimoto was appointed external auditor, as he was expected to offer his wealth of experience in the legal community and high sense of morality to further enhance the quality of audits at SMTH.

Shinichi Saito (Representative Director, President and CEO of Japan Industrial Solutions, Ltd.): Mr. Saito was appointed external auditor to further enhance the quality of audits at SMTH. He was expected to offer his wealth of experience in, and insight into, areas including treasury, accounting, overseas business, finance, and corporate rehabilitation, drawing on his career in the finance functions at a major trading conglomerate as well as in the consulting business at a leading auditing firm.

Involvement with SMTH (1)

Name	Career background	Involvement with SMTH*1						
		a	b	c	d	e	f	g
Toshio Hoshino	Current or former executive of another company			○			○	
Soichi Shinohara	Academic			○			○	

*1 Main area of involvement with SMTH

a. Current or former executive of an affiliated company

b. Large shareholder of SMTH

c. Concurrently serving as external director or external auditor of another company

d. Concurrently serving as executive director or executive officer of another company

e. Spouse, relative within the third degree of kinship or other related party of similar nature of an executive director or an executive officer at SMTH, or at a specified related business operator of SMTH

f. Having reached an agreement for limitation of liability with SMTH

g. Others

Involvement with SMTH (2)

Name	Career background	Involvement with SMTH*1						
		a	b	c	d	e	f	g
Hiroyuki Nakanishi	Current or former executive of another company			○			○	
Yasuhiko Takano	Attorney at law			○			○	
Tetsuya Yoshimoto	Other			○			○	
Shinichi Saito	Current or former executive of another company			○	○		○	

*1 Main area of involvement with SMTH

a. Current or former executive of an affiliated company

b. Large shareholder of SMTH

c. Concurrently serving as external director or external auditor of another company

d. Concurrently serving as executive director or executive officer of another company

e. Spouse, relative within the third degree of kinship or other related party of similar nature of an executive director or an executive officer at SMTH, or at a specified related business operator of SMTH

f. Having reached an agreement for limitation of liability with SMTH

g. Others

Board of Directors and Corporate Auditors (As of June 27, 2013)

Board of Directors



Hitoshi Tsunekage
Chairman
(Representative Director)

April, 1977 Joined The Sumitomo Trust and Banking Co., Ltd. ("STB")
June, 2004 Appointed Executive Officer and General Manager of Corporate Planning Department of STB
June, 2005 Appointed Executive Officer and Head Office Executive of STB, Director and Managing Executive Officer of STB
January, 2008 Appointed President and Chief Executive Officer of STB
April, 2011 Appointed Representative Director, Chairman of Sumitomo Mitsui Trust Holdings, Inc. ("SMTH") (Current Position)
Appointed Chairman of the Board, President of STB
April, 2012 Appointed President of Sumitomo Mitsui Trust Bank, Limited ("SMTB") (Current Position)



Akio Otsuka
Deputy President
(Representative Director)

April, 1976 Joined STB
April, 2002 Appointed Executive Officer, General Manager of Corporate Trust Business Department I of STB
June, 2004 Appointed Executive Officer, Head Office Executive of STB
Appointed Managing Executive Officer of STB
June, 2008 Appointed Director, Senior Managing Executive Officer of STB
April, 2011 Appointed Director of SMTH
Appointed Director, Deputy President Executive Officer of STB
April, 2012 Appointed Deputy President, Executive Officer of SMTH
Appointed Deputy President of SMTB (Current Position)
June, 2012 Appointed Deputy President of SMTH (Current Position)



Tetsuo Ohkubo
Director, Senior Managing Executive Officer

April, 1980 Joined STB
June, 2006 Appointed Executive Officer, General Manager of Planning and Coordination Department of STB
June, 2007 Appointed Executive Officer, Head Office Executive of STB
Appointed Executive Officer of STB
January, 2008 Appointed Managing Executive Officer of STB
June, 2008 Appointed Director, Managing Executive Officer of STB
April, 2011 Appointed Director, Managing Executive Officer of SMTH
April, 2012 Appointed Director, Managing Executive Officer of SMTB
April, 2013 Appointed Director, Senior Managing Executive Officer of SMTH (Current Position)
April, 2013 Appointed Director, Senior Managing Executive Officer of SMTB (Current Position)



Jun Okuno
Director
(Representative Director)

April, 1973 Joined MTB
June, 1999 Appointed Director and General Manager of General Planning Department of MTB
April, 2000 Appointed Executive Officer and General Manager of General Planning Department of MTB
February, 2002 Appointed Managing Director and General Manager of General Planning Department of MTH
Appointed Managing Director of MTH
July, 2002 Appointed Managing Executive Officer of CMTB
January, 2004 Appointed Senior Executive Officer of CMTB
May, 2006 Appointed First Senior Executive Officer of CMTB
June, 2006 Appointed Senior Managing Director of MTH
October, 2007 Appointed Senior Managing Director of CMTH
February, 2010 Appointed Director of CMTH
Appointed President of CMTB
April, 2011 Appointed Director of SMTH (Current Position)
April, 2012 Appointed Deputy Chairman of SMTB (Current Position)



Toshio Hoshino
Director
(External Director)*

April, 1969 Joined Kao Soap Company, Ltd. (currently, Kao Corporation ("Kao"))
June, 1992 Appointed Director of Kao
June, 1996 Appointed Managing Director of Kao
August, 1998 Appointed Managing Director of Kao and President and Representative Director of Nivea-Kao Co., Ltd.
June, 2000 Appointed Representative Director and Senior Managing Director of Kao, President and Representative Director of Nivea-Kao Co., Ltd.
June, 2002 Appointed Representative Director, Senior Executive Vice President of Kao, President and Representative Director of Nivea-Kao Co., Ltd.
June, 2003 Appointed Representative Director and Senior Executive Vice President of Kao, President and Representative Director of Nivea-Kao Co., Ltd.
July, 2007 Retired President and Representative Director of Nivea-Kao Co., Ltd.
June, 2008 Retired Representative Director and Senior Executive Vice President of Kao
June, 2009 Appointed Corporate Auditor of STB
April, 2011 Appointed Corporate Auditor of SMTH
April, 2012 Appointed Corporate Auditor of SMTB
June, 2013 Appointed Director (External Director)* of SMTH (Current Position)
Appointed Director (External Director)* of SMTB (Current Position)



Kunitaro Kitamura
President
(Representative Director)

April, 1977 Joined The Mitsui Trust and Banking Company, Limited ("MTB")
July, 2003 Appointed Executive Officer and General Manager of Loan Planning Department of The Chuo Mitsui Trust and Banking Company, Limited ("CMTB")
May, 2006 Appointed Senior Executive Officer and General Manager of Loan Planning Department of CMTB
October, 2007 Appointed Senior Executive Officer of CMTB
July, 2009 Appointed First Senior Executive Officer of CMTB
June, 2010 Retired First Senior Executive Officer of CMTB
Appointed Deputy President of Chuo Mitsui Trust Holdings, Inc. ("CMTH")
April, 2011 Appointed Deputy President of SMTH
Appointed Deputy President of CMTB
April, 2012 Appointed President of SMTH (Current Position)
Appointed Chairman of SMTB (Current Position)



Nobuo Iwasaki
Deputy President
(Representative Director)

April, 1978 Joined MTB
January, 2005 Appointed Executive Officer and General Manager of General Planning Department of Mitsui Trust Holdings, Inc. ("MTH")
May, 2006 Appointed Senior Executive Officer and General Manager of General Planning Department of MTH
Appointed Managing Director of CMTB
October, 2007 Appointed Senior Executive Officer of Chuo Mitsui Trust Holdings, Inc. ("CMTH")
June, 2010 Senior Managing Director of CMTH and Senior Managing Executive Officer of CMTB
April, 2011 Senior Managing Executive Officer of SMTH
April, 2012 Appointed Deputy President, Executive Officer of SMTH
Appointed Deputy President of SMTB (Current Position)
June, 2012 Appointed Deputy President of SMTH (Current Position)



Masaru Hashimoto
Director, Managing Executive Officer

April, 1980 Joined MTB
October, 2007 Appointed Executive Officer and General Manager of General Planning Department of CMTH
July, 2010 Appointed Senior Executive Officer and General Manager of General Planning Department of CMTH
February, 2011 Appointed Senior Executive Officer, General Manager of General Planning Department and General Manager of Financial Planning Department of CMTH
Appointed Senior Executive Officer and General Manager of Financial Planning Department of CMTB
March, 2011 Retired Senior Executive Officer of CMTH
April, 2011 Appointed Senior Executive Officer and General Manager of Treasury Department of CMTB
April, 2012 Appointed Managing Executive Officer of SMTB
April, 2013 Appointed Director, Managing Executive Officer of SMTH
Appointed Director, Managing Executive Officer of SMTB (Current Position)
June, 2013 Appointed Director, Managing Executive Officer of SMTH (Current Position)



Kiyoshi Mukohara
Director
(Representative Director)

April, 1975 Joined STB
June, 2003 Appointed Executive Officer, General Manager of Global Credit Supervision Department I of STB
April, 2004 Appointed Executive Officer, General Manager of Wholesale Business Planning Department of STB
June, 2004 Appointed Managing Executive Officer, General Manager of Wholesale Business Planning Department of STB
June, 2005 Appointed Managing Executive Officer of STB
June, 2006 Appointed Director, Managing Executive Officer of STB
June, 2008 Appointed Director, Senior Executive Officer of STB
April, 2011 Appointed Representative Director, Deputy President of SMTH
Appointed Director, Deputy President Executive Officer of STB
April, 2012 Appointed Director of SMTH (Current Position)
Appointed Deputy Chairman of SMTB (Current Position)



Soichi Shinohara
Director
(External Director)*

March, 1973 Lecturer of the Faculty of Economics at University of Waterloo (Canada); subsequently Associate Professor at University of Waterloo
April, 1978 Lecturer of the Faculty of Economics at Doshisha University
April, 1979 Associate Professor of the Faculty of Economics at Doshisha University
April, 1984 Professor of the Faculty of Economics at Doshisha University (Current Position)
February, 2006 Special Visiting Professor at Renmin University of China (China) (Current Position)
June, 2013 Appointed Director (External Director)* of SMTH (Current Position)
Appointed Director (External Director)* of SMTB (Current Position)

(*) Toshio Hoshino and Soichi Shinohara are external directors defined in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.

Corporate Auditors



Teruhiko Sugita
Senior Corporate Auditor

April, 1975 Joined STB
June, 2003 Appointed Executive Officer, General Manager of Tokyo Corporate Business Department I of STB
June, 2005 Appointed Executive Officer, Head Office Executive of STB
Appointed Managing Executive Officer of STB
Appointed Managing Executive Officer, General Manager of Global Credit Supervision Department of STB
June, 2007 Appointed Managing Executive Officer of STB
June, 2008 Appointed Director, Senior Executive Officer of STB
May, 2009 Appointed Director, Senior Executive Officer, and General Manager of Structured Finance Department of STB
July, 2009 Appointed Director, Senior Executive Officer of STB
March, 2011 Retired Director, Senior Executive Officer of STB
April, 2011 Appointed Senior Corporate Auditor of SMTH (Current Position)
Appointed Corporate Auditor of STB
April, 2012 Appointed Senior Corporate Auditor of SMTB (Current Position)



Takashi Kamikanda
Senior Corporate Auditor

April, 1976 Joined The Hokkaido Takushoku Bank, Ltd.
July, 2003 Appointed Executive Officer and General Manager of the General Affairs Department of CMTB
October, 2003 Appointed Executive Officer and General Manager of the Global Credit Supervision Department II of CMTB
May, 2006 Appointed Executive Officer and General Manager of the Global Credit Supervision Department I of CMTB
March, 2008 Appointed Senior Executive Officer of CMTB
February, 2010 Appointed Managing Executive Officer of CMTH
April, 2012 Appointed Senior Managing Executive Officer of SMTH
Appointed Director and Senior Managing Executive Officer of SMTB
March, 2013 Retired Senior Managing Executive Officer of SMTH
Retired Director and Senior Managing Executive Officer of SMTB
April, 2013 Appointed Senior Corporate Auditor of SMTB (Current Position)
June, 2013 Appointed Senior Corporate Auditor of SMTH (Current Position)



Hiroyuki Nakanishi
Corporate Auditor
(External Auditor)*

April, 1966 Joined Mitsui Petrochemical Industries, Ltd. ("MPC")
June, 1991 Appointed Board Member and General Manager of Iwakuni-Ohtake Works of MPC
June, 1993 Appointed Managing Director of Corporate Plans of MPC
June, 1996 Appointed Senior Managing Director of Corporate Plans of MPC
June, 1997 Appointed Executive Vice President of Corporate Plans of MPC
October, 1997 Appointed Executive Vice President of Corporate Plans of Mitsui Chemicals, Inc. ("MC") (pursuant to the merger between MPC and Mitsui Toatsu Chemicals, Inc.)
June, 1999 Appointed President of MC
June, 2003 Appointed Chairman and President of MC
June, 2005 Appointed Chairman of the Board of MC
June, 2009 Appointed Advisor of MC (Current Position)
Appointed Corporate Auditor of CMTH
Appointed Corporate Auditor of CMTB
April, 2011 Appointed Corporate Auditor of SMTH
April, 2012 Appointed Corporate Auditor (External Auditor)* of SMTH (Current Position)
Appointed Corporate Auditor (External Auditor)* of SMTB (Current Position)



Yasuhiko Takano
Corporate Auditor
(External Auditor)*

March, 1984 Registered as a lawyer
April, 1984 Joined Higuchi Law Office
August, 2002 Manages Higuchi Takano Law Office (Current Position)
January, 2003 Appointed Professor of the Legal Training and Research Institute of the Supreme Court
January, 2006 Retired from Professor of the Legal Training and Research Institute of the Supreme Court
June, 2006 Appointed Corporate Auditor of CMTB
Appointed Corporate Auditor of MTH
June, 2007 Appointed Corporate Auditor of CMTH
April, 2011 Corporate Auditor of SMTH
April, 2012 Appointed Corporate Auditor (External Auditor)* of SMTH (Current Position)
Appointed Corporate Auditor (External Auditor)* of SMTB (Current Position)



Tetsuya Yoshimoto
Corporate Auditor
(External Auditor)*

April, 1967 Appointed as an Assistant Judge to the Tokyo District Court
April, 1994 Appointed as a Judge to the Tokyo High Court
October, 1997 Appointed the President of the Asahikawa District Court and Family Court
February, 1999 Appointed as the President of the Sapporo District Court
April, 2000 Appointed as a Judge to the Tokyo High Court
June, 2002 Appointed the President of the Yokohama District Court
September, 2004 Appointed the President of the Takamatsu High Court
December, 2005 Retired the President of the Takamatsu High Court
December, 2005 Appointed as the Chairman of the National Public Service Ethics Board
March, 2012 Retired the Chairman of the National Public Service Ethics Board
June, 2013 Appointed Corporate Auditor (External Auditor)* of SMTH (Current Position)
Appointed Corporate Auditor (External Auditor)* of SMTB (Current Position)



Shinichi Saito
Corporate Auditor
(External Auditor)*

April, 1971 Joined Marubeni-Iida Co., Ltd. ("MI") (currently, Marubeni Corporation)
April, 2001 Appointed Executive Officer and General Manager of the Finance Department of MI
April, 2002 Appointed Executive Officer and General Manager of the PR/IR Department of MI
September, 2002 Retired Executive Officer of MI
January, 2003 Joined Ernst & Young Global Finance Services Co., Ltd.
July, 2005 Appointed as a member of the Enterprise Turnaround Review Committee of the RCC (Current Position)
Appointed Representative Director of Ernst & Young Transaction Advisory Services Co., Ltd. ("EYAS")
July, 2009 Appointed Representative Director and CEO of EYAS
July, 2010 Appointed Managing Director, General Manager of the Accounting and Business Development Division of the Global Markets Office of Ernst & Young ShinNihon LLC ("EYSN")
Retired EYSN
April, 2013 Appointed Representative Director, President and CEO of Japan Industrial Solutions, Ltd. (Current Position)
May, 2013 Appointed Corporate Auditor (External Auditor)* of SMTH (Current Position)
June, 2013 Appointed Corporate Auditor (External Auditor)* of SMTB (Current Position)

(*) Hiroyuki Nakanishi, Yasuhiko Takano, Tetsuya Yoshimoto, and Shinichi Saito are external auditors defined in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.

External Directors' Attendance at Board of Directors Meetings

Toshio Hoshino* ¹	Attended all 12 Board of Directors meetings
Soichi Shinohara* ¹	Attended 11 of 12 Board of Directors meetings

*¹ Attendance in the period from June 27, 2013 to December 26, 2013

External Auditors' Attendance at Board of Directors Meetings and Board of Corporate Auditors Meetings

Hiroyuki Nakanishi* ²	Attended 18 of 19 Board of Directors meetings Attended all 15 Board of Corporate Auditors meetings
Yasuhiko Takano* ²	Attended all 19 Board of Directors meetings Attended all 15 Board of Corporate Auditors meetings
Tetsuya Yoshimoto* ¹	Attended all 12 Board of Directors meetings Attended all 10 Board of Corporate Auditors meetings
Shinichi Saito* ¹	Attended all 12 Board of Directors meetings Attended all 10 Board of Corporate Auditors meetings

*¹ Attendance in the period from June 27, 2013 to December 26, 2013

*² Attendance in the period from April 1, 2013 to December 26, 2013

Information Disclosure System

In order to ensure timely, accurate, and fair disclosure of management-related information, the Group has established the Information Disclosure Committee, which deliberates the necessity and appropriateness of disclosure of management-related information and information that could be management related. It also considers the appropriateness of the information disclosure system, particularly its establishment and management.

Furthermore, in order to adapt to the Internal Control Report System, each fiscal year, SMTH evaluates the effectiveness of internal control concerning financial reporting. The results of the evaluation and status of corrective measures for deficiencies found are reported to the President of SMTH and the Board of Directors. Based on this report, the President makes an "Internal Control Report," which evaluates the effectiveness of internal control concerning financial reporting, and submits it to the relevant financial authority along with securities filings.

Disclosure of Matters Regarding Compensation

As of March 2012, the Financial Services Agency requires disclosure of specific items about executive compensation as a matter having substantial impact on the business operation and asset status of a bank, a bank holding company, or their subsidiaries.

Scope of "Applicable Officers and Employees"

The scope of "applicable officers" and "applicable employees, etc." (collectively the "applicable officers and employees") as defined in the compensation notification to be disclosed is as follows:

Scope of the "Applicable Officers"

Applicable officers are directors and corporate auditors of SMTH, excluding external directors and external auditors.

Scope of "Applicable Employees, etc."

Of SMTH's officers and employees outside the scope of applicable officers as well as officers and employees of its significant consolidated subsidiaries, a "person receiving a substantial amount of compensation" with significant consequence on the business operation or asset status of SMTH and its significant consolidated subsidiaries is subject to disclosure as applicable employees, etc.

Determination of Compensation for Applicable Officers and Employees

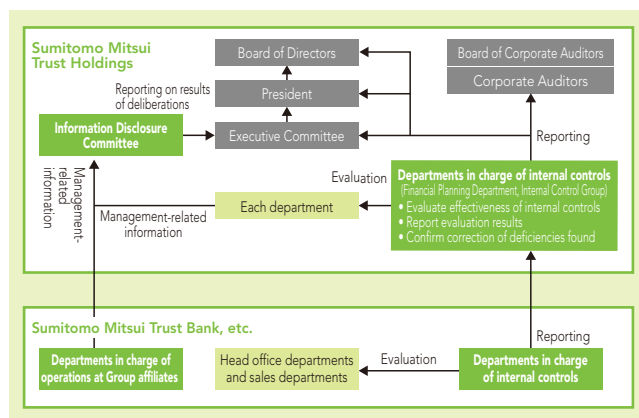
Determination of Compensation for Applicable Officers

SMTH determines the total amount of compensation for officers based on decisions made at the General Meeting of Shareholders. Of the total compensation, individual allocation of compensation for directors is at the discretion of the Board of Directors, while that for corporate auditors depends on deliberations of corporate auditors.

Determination of Compensation for Applicable Employees, etc.

Compensation for applicable employees, etc. within the SMTH Group is payable, subject to the policies established primarily by the Boards of Directors and others of SMTH and its significant consolidated subsidiaries. According to such policies, compensation systems are designed by human resources departments of SMTH and its significant consolidated subsidiaries, independent of the business promotion departments and documented as payroll rules, etc. Information on the compensation systems of the significant consolidated subsidiaries is reported to, and verified by, the Human Resources Department of SMTH on a regular basis.

Information Disclosure System



Total Amount of Compensation for Applicable Officers and Employees within the Group

(From April 1, 2012 to March 31, 2013)

Millions of Yen

Category	Head-count	Total amount of compensation	Total amount of fixed compensation	Basic compensation	Total amount of variable compensation	Bonus	Compensation as stock option	Retirement benefits
Directors (excluding External Directors)	8	424	387	387	35	35	2	—
Corporate Auditors (excluding External Auditors)	2	59	59	59	—	—	—	—
Applicable Officers	2	101	55	55	46	46	—	—

* Amount of compensation stated above includes compensation for (concurrent) directorship at the significant consolidated subsidiaries.

Sumitomo Mitsui Trust Group's Structure for Promoting CSR Activities

The Group has established a structure for promoting CSR activities based on the PDCA cycle, under the CSR Council organized as part of the Executive Committee and chaired by the President as the supreme decision-making body with respect to all CSR activities. Specifically, a CSR-focused midterm management plan is formulated including ESG (Environmental, Social, and Governance) risk management policies and information disclosure policies, based on the Group-wide Midterm Management Plan that covers CSR, and then on this basis, yearly CSR policies are developed. Progress in the implementation of the yearly policies is reviewed semi-annually at the CSR Council meeting and additional measures are taken when appropriate.

Meanwhile, CSR businesses such as Eco-Trustution are promoted at each division. Therefore, yearly CSR policies are decided in close consultation with each division and incorporated into the annual plan at each division.

The CSR Council is attended by an officer in charge of CSR activities, who carries all responsibilities for executing the matters decided therein. On the other hand, execution of day-to-day CSR activities is delegated to the Head

Office Executive of the CSR Promotion Office, Corporate Planning Department, and the office coordinates all environmental and social activities across the Group. Furthermore, the Head Office Executive of the CSR Promotion Office summarizes and publishes the matters reported and decided at the CSR Council meeting, under the instruction of the officer in charge of CSR activities.

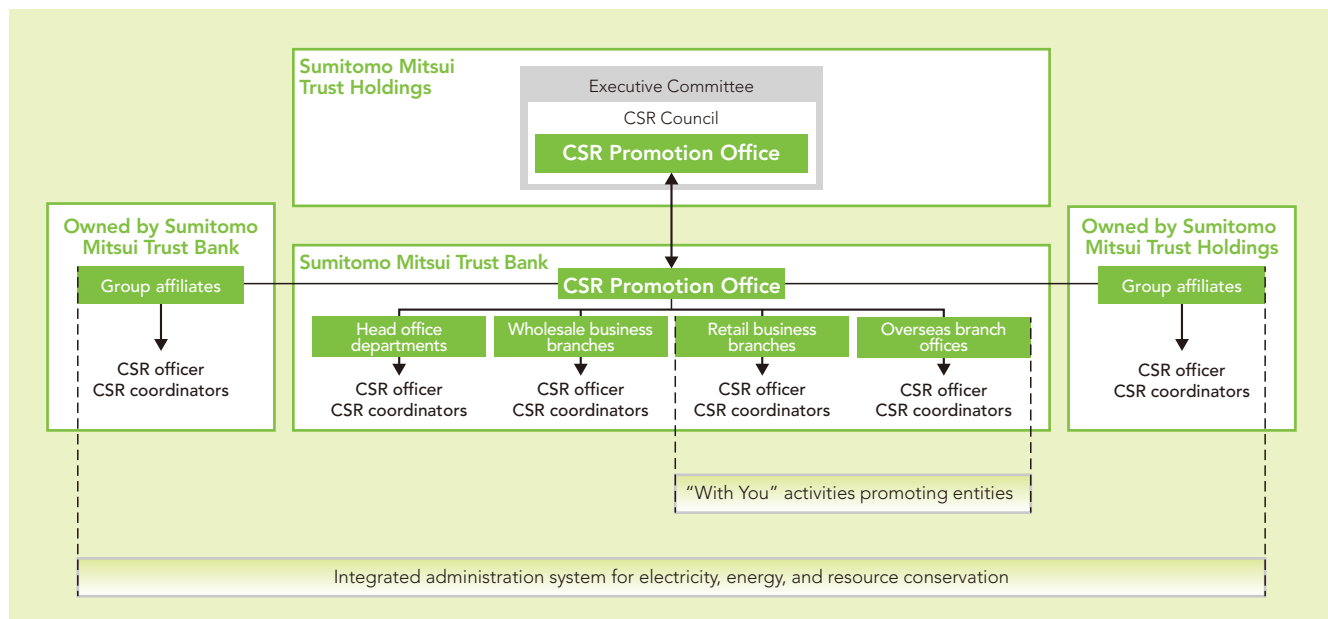
Establishment of the aforementioned structure ensures that daily activities within the Group reflect, without fail, the decisions at the CSR Council, the supreme decision-making body with respect to CSR activities.

CSR Activities Promotion Staff

The Group has assigned CSR officers and coordinators to all branches and departments of the Group companies and Sumitomo Mitsui Trust Bank for the purpose of promoting CSR activities. These CSR officers and coordinators are responsible for the promotion of activities to reduce the environmental burden, including measures to conserve electricity and other energy as well as to reduce and recycle paper and waste in offices. They also report these activities to the CSR Promotion Office. In addition, they carry out "With You" activities at all the domestic and overseas branches of Sumitomo Mitsui Trust Bank (see page 102). Efforts to contribute to the resolution of social and environmental problems through our business, including development and provision of CSR-related products, are led by the CSR Promotion Office in collaboration with the relevant head office departments.

Officer in charge of CSR activities	Toru Takakura (Managing Executive Officer)
Head Office Executive of the CSR Promotion Office, Corporate Planning Department	Tsukasa Kanai (Council member and General Manager in charge of CSR)

The Group's CSR Structure



CSR Promotion Office

The CSR Promotion Office comprises the Head Office Executive and seven staff (including one staff member seconded from another department). The CSR Promotion Office engages in the following activities.

- Acting as secretariat of the CSR Council
- Developing the CSR Midterm Plan and yearly policies
- Drafting ESG information disclosure policies, preparing the sustainability report, editing the “With You” quarterly bulletin and website, and managing various questionnaires
- Acting as secretariat of the ESG Risk Response Project Team
- Acting as secretariat of the global ESG meetings
- Acting as secretariat of the Human Rights Due Diligence Liaison Committee
- Acting as the head of environmental management (by the Head Office Executive of the CSR Promotion Office)
- Acting as secretariat of Trust Sixty Foundation (Trust Sixty), the Sustainable Real Estate Study Group, the Smart City Study Group, and the Natural Capital Study Group
- Accession to various activities including UNEP FI, United Nations Global Compact, Principles for Financial Action in the 21st Century, Business and Biodiversity Initiative, and Natural Capital Declaration
- Planning CSR-related products and services, and consulting with relevant businesses and companies for their commercialization
- Promotion of “With You” activities, budget allocation, point system management, etc.
- Others

Development of a Sound Relationship with Stakeholders

In its “Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy),” the Group stipulated and announced that it respects dialogue with all stakeholders, such as clients, shareholders, investors, executives and employees, business partners, local com-

munities, NPOs, government authorities, and international institutions, and that it plays an active role in building a sustainable society.

Under this Basic Policy, we also stipulate that “we build sound and proper relationships with stakeholders, and fulfill our responsibilities as a member of society, engaging in fair competition and appropriate disclosure of corporate information, etc.” We provide relevant information through CSR Reports, websites, and other means.

Consultation with stakeholders on environmental and social issues is primarily carried out by the CSR Promotion Office. For matters recognized to be of particular importance as a result of this consultation, the Head Office Executive of the CSR Promotion Office reports to the officer in charge of CSR activities for instruction and acts accordingly.

FY2013 Policy

As fiscal year 2013 immediately followed the management integration of the Group companies, the annual policy was established to build up a solid foundation as described below. Sumitomo Mitsui Trust Bank and major Group companies are promoting CSR activities based on this policy.

Creation of a promotion system	We thoroughly inform all Group company executives and employees about the “Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy)” in an effort to instill CSR awareness, and we promote concrete CSR activities at Group companies.
Promotion of related business	We work to provide products and services that allow the Group to contribute to the resolution of social and environmental problems through its business, while we develop new products and services that address the needs and changes in society.
Improving our CSR presence	We maintain and develop communications with stakeholders. At the same time, we accurately grasp the CSR trends in international communities and actively disseminate information both in and out of the Group.

Principles for Financial Action in the 21st Century

In view of the proposal drawn up in 2010 by the Central Environment Council’s Expert Committee on Environment and Finance, which was chaired by Mr. Takejiro Sueyoshi, Special Advisor to the UNEP FI (United Nations Environment Programme Finance Initiative), institutions across the financial industry gathered together and established the “Principles for Financial Action towards a Sustainable Society (Principles for Financial Action in the 21st Century)” in October 2011.

Sumitomo Mitsui Trust Holdings played a central role as chair of the Drafting Committee as well as the Outline

Working Group in developing the aforementioned Principles, and it has been following up as co-chair of the Steering Committee along with ORIX Corporation, responsible for organizing the signatories (approximately 190 companies).

Furthermore, since 2013, SMTH has co-chaired the newly established Sustainable Community Support Working Group along with The Dai-ichi Life Insurance Company, Limited, taking the initiative in discussions focused primarily on the issues surrounding a super-aging society. (See page 39.)

Compliance System

1 Basic Initiative Policy

With recent progress in deregulation of the financial industry, financial transactions and services are diversifying, and there is a need to work on various issues by thorough implementation of the self-responsibility principle and self-help efforts in financial institutions. Under these conditions, to maintain and enhance the trust of clients, sound and appropriate management based on strict self-discipline is essential. From this viewpoint, Sumitomo Mitsui Trust Group (the "Group") positions compliance as one of the most important management issues.

Compliance means adherence to various rules such as laws, regulations, market rules, and internal company rules, in addition to conformity to social norms. Trust

is the Group's greatest asset, and achieving compliance is naturally a basic principle. Executives and each individual employee must solidly practice compliance in our daily operations.

To achieve thorough compliance and an appropriate system which suits "The Trust Bank," the Group has established Codes of Conduct ("Value") and specific compliance standards in the Compliance Rules. A checking system and promotion system are also developed, so the Group complies with these and carries out sincere and fair company activities. By developing these systems, the Group is promoting various initiatives to address issues and problem points and to enable appropriate action based on self-discipline.

2 Outline of Initiatives

Group Compliance System

The Group positions supervision of the entire group's compliance structure as one of the most important functions of Sumitomo Mitsui Trust Holdings (hereafter SMTH). SMTH's Compliance Rules establish standards which executives and employees must follow.

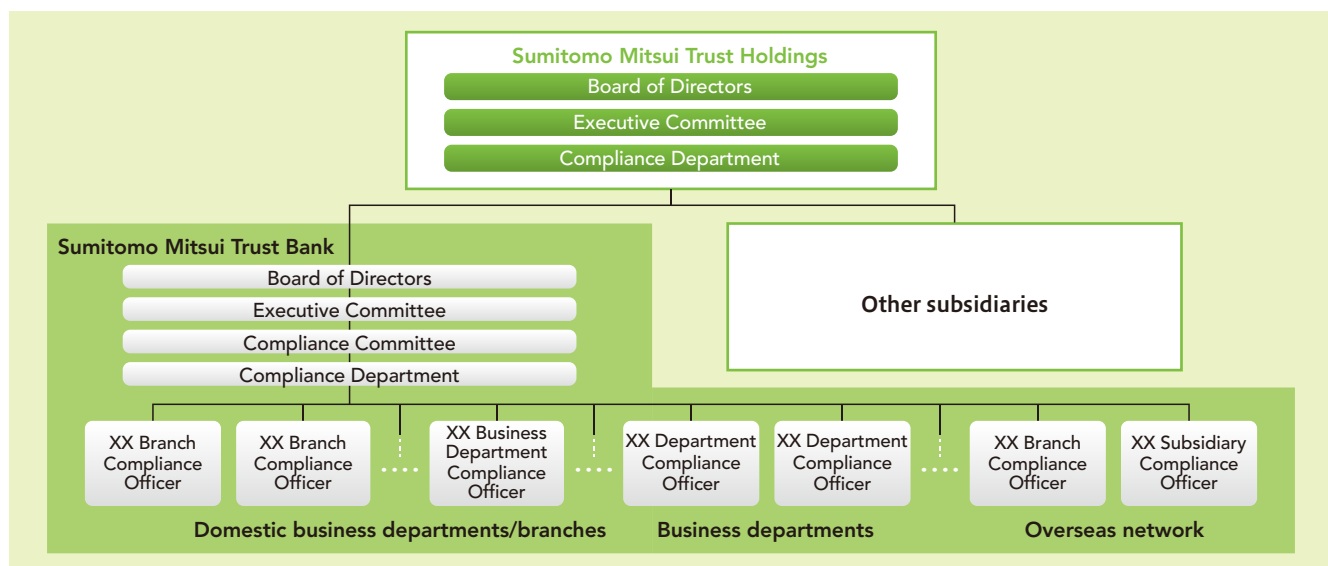
The Compliance Department is established in SMTH as the department to manage compliance for the whole group. This department creates a compliance policy, and monitors the situation of compliance management and

execution. The Compliance Department reports to the Executive Committee on its findings regarding the status of compliance management and execution.

For specific practice plans in various measures on compliance, a Compliance Program is made each fiscal year, and progress status is periodically assessed.

Sumitomo Mitsui Trust Bank also established the Compliance Department as a department to manage compliance. Based on the compliance policy established by SMTH, this department creates its compliance poli-

Group Compliance Structure



cy and Compliance Program, and monitors the situation of compliance management and execution. Also, the Compliance Department reports to the Executive Committee on its findings regarding the status of compliance management and execution after examined by the Compliance Committee, which is chaired by a director who is in charge of the Compliance Department.

Other subsidiaries develop appropriate compliance systems which suit their own operations' characteristics, based on the compliance policy established by SMTH.

In addition, in order to promptly and appropriately cope with any violation, SMTH has established a compliance hotline through which all executives and employees can directly report violations to the Compliance Department and an external attorney's office, without having to go through regular reporting channels. This hotline system enforces rigorous control of information and protection of privacy to ensure protection of whistleblowers, who shall never be adversely treated so long as what and how they report is appropriate and fair.

Initiatives to Foster Compliance Awareness

In order to foster compliance awareness throughout the Group, a Compliance Manual is created for SMTH and each group company, and employees are thoroughly informed about laws and regulations as well as various rules and items which must be followed.

The Group is also enhancing training courses including a course for rules to strictly comply with insider trading regulations, and each company's compliance department has primary responsibility for providing training as to company-wide compliance themes. Meanwhile, the person in charge of compliance at each company is responsible for enhancing compliance awareness and ensuring thorough compliance with regard to business and product characteristics and client attributes by implementing training and study in his/her workplace and providing guidance and instructions in daily work processes.

Compliance Standards for Executives and Employees

1. Gain the trust of society
2. Respond resolutely to antisocial forces
3. Prevent improper use of financial functions by organized crime
4. Ensure transparency of management
5. Build sound and normal relations with interested parties
6. Thorough implementation of fair activities
7. Thorough control of information
8. Enhance workplace order

Compliance Training through E-learning for 2012 (Sumitomo Mitsui Trust Bank)

Course name	Content	Applicable executives and employees	Month of implementation
Basics of compliance: 2012 version	Compliance in general	All employees	May
For persons in charge of compliance	Compliance in general	General managers and persons in charge of compliance at all branches and departments	May
Training on the measures to prevent insider trading: June 2012 version	Prevention of insider trading and similar practices	All employees	June
Training on the measures to prevent money laundering and similar practices: First half of 2012	Prevention of money laundering and similar practices	All employees at the branches and departments with persons in charge of measures to prevent money laundering and similar practices	July
Training on measures to prevent insider trading: August 2012 version	Prevention of insider trading and similar practices	All employees	August
Prevention of insider trading, leakage of client information, and similar conduct: November 2012 version	Prevention of insider trading and leakage of client information	All employees	November
Training for enhancing the quality of sales representatives: 2012 version	Basics of financial product sales	Registered sales representatives including those scheduled to be registered	November
Preparedness against antisocial forces: 2012 version	Prevention of transactions with antisocial forces	All executives and employees	December
Training on the prevention of money laundering (focusing on the Revised Act on Prevention of Transfer of Criminal Proceeds): Second half of 2012	Prevention of money laundering and similar practices	All employees at branches and departments with persons in charge of measures to prevent money laundering and similar practices	January
Training on the prevention of insider trading and measures to prevent leakage of client information: February 2013 version	Prevention of insider trading and leakage of client information	All employees	February
Training for understanding of the Revised Act on Prevention of Transfer of Criminal Proceeds: April 2013	Prevention of money laundering and similar practices	All employees at branches and departments with persons in charge of measures to prevent money laundering and similar practices	February

Efforts to Conduct Fair Business Activities

The entire Group is working together to precisely respond to what society demands of financial institutions, such as the elimination of transactions with antisocial forces and the prevention of the improper use of financial functions.



Insider Trading Prevention

Since the Group's recent violation of insider trading regulations, it has been tackling a range of tasks for preventing its recurrence, including reinforcement or revision of the rules for information management and organizational structure, promotion of compliance awareness, and development of an ethical corporate culture instilled with a sense of morality, along with relevant training and education.

Progress in the implementation of the measures to prevent recurrence of insider trading

We have implemented all the measures to prevent recurrence of insider trading that were announced by the Group in March and June 2012. We are conducting regular monitoring of the status of their implementation and consolidation, including the results of inspections by third parties (external organizations).

Monitoring by third parties has found that the measures to prevent recurrence of insider trading are appropriately implemented and steadily taking root, as no particular problem has been detected with respect to the validity, effectiveness, or adequacy of the various measures (as quoted from the results on the monitoring for the third quarter of fiscal year 2013).

Prevention of Money Laundering*

The Group has adopted various measures to ensure proper personal authentication and prompt reporting of suspicious transactions. For example, we have training courses for employees at Sumitomo Mitsui Trust Bank to maintain and improve employees' knowledge of this subject on an ongoing basis.

* Money laundering is the act of hiding the source of money obtained illegally (for example, through the sale of illegal drugs) by routing such money through multiple banks or bank accounts. Terrorists and perpetrators of remittance scams are examples of people who may abuse the accounts of financial institutions. It is the responsibility of financial institutions to prevent the misuse of financial services. Such efforts are referred to as "Money Laundering Prevention Countermeasures."

Response to Antisocial Forces

Antisocial forces refer not only to organized crime groups and their members, but also to individuals and companies with ties to them, who may threaten public order and the security of civil society. The Group has declared, both internally and externally, its resolute stance against antisocial forces in its Code of Conduct ("Value") and various other codes. We have established a system for investigating and conducting systematic checks in

all types of transactions in order to prevent transactions by antisocial forces. We have also incorporated a clause to exclude organized crime in the provision of our loan and money transfer contracts. This clause deters antisocial forces from initiating transactions with us. The measure gives us the legal grounds to dissolve contracts, once the presence of antisocial forces is detected, after the commencement of transactions.

If the counterparty in a transaction is shown to be as an antisocial force after the commencement of a transaction, we have developed a framework that allows us to take measures in close coordination with police and other external expert organizations for the eventual cancellation of such a transaction.

Fair Trade with Outsourced Contractors

When outsourcing its operations, the Group takes measures to ensure that the outsourced operation is consigned to a contractor capable of: (1) establishing regulations for the appropriate management of risks from unexpected losses incurred by the Group or its clients, (2) recognizing problems related to the quality of service and the reliability of service continuity, and (3) implementing the operation accurately, fairly, and efficiently.

We also verify whether or not outsourced contractors are antisocial in nature before entering into new contracts, and we repeat this verification on a regular basis. The purpose is to prevent transactions with antisocial forces and to eliminate interference from them.

Efforts to Manage Conflicts of Interest*

In order to properly manage conflicts of interest, the Group has established a department that is responsible for such management, independent from the sales department, and has assigned a supervisor in charge of such management to develop a system to properly carry out the management of conflicts of interest for the whole Group. The department and the supervisor examine and evaluate the effectiveness of the Group's management of conflicts of interest on a regular basis in order to make continual improvements. We also provide regular training and education and keep executives and employees informed on such matters.

* "Conflicts of interest" refers to cases in which the interests of the Group and those of clients or interests among clients contradict.

Risk Management

1 Basic Initiative Policy

New risks, are appearing that also affect financial markets such as Europe's debt problems and economic stagnation in China and other emerging countries. There is also a need to further develop risk management systems in response to new bank BIS capital adequacy regulations (Basel III). In this environment, Sumitomo Mitsui Trust Holdings ("SMTH") thinks that there is an increasing need for more advanced risk management and preventive action.

As the trust bank group which boasts the largest scale

and the highest status in Japan, SMTH regards the development of a risk management system suited to the characteristics of its operations and environmental changes as one of the most important management issues it faces. Accordingly, SMTH is making constant efforts to enhance and advance its risk management, which forms the basis of operations that support business expansion and sustainable growth of the Sumitomo Mitsui Trust Group (the "Group").

2 Outline of Initiatives

Risk Management Methods

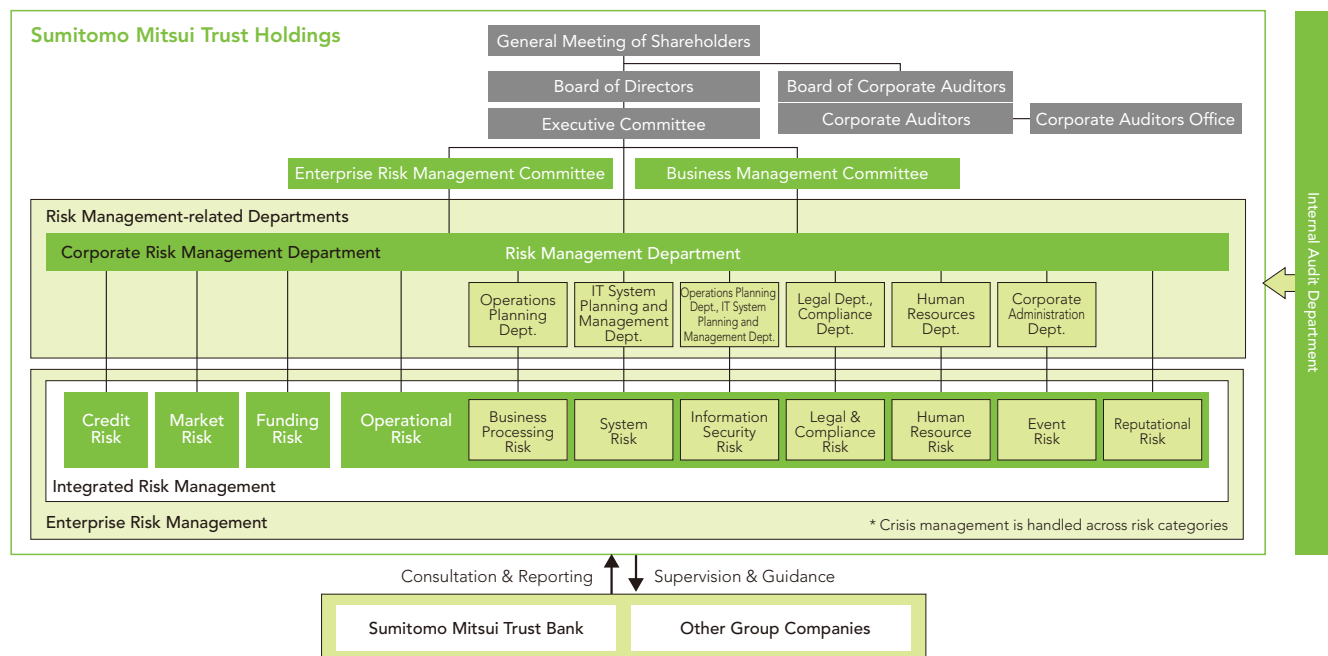
SMTH has established a department to supervise the overall group risk management and monitor the risk status of the whole Group, and has designated other risk management-related departments to supervise risk management for each risk category. These departments provide appropriate supervision of and guidance to Group companies as needed.

SMTH has also established Risk Management Rules covering the basic points of risk management for the whole Group. It has clarified the authority and organizational structure so that

it can appropriately perform a series of activities, which include risk identification, assessment, monitoring, control and reduction. SMTH has also created risk management policies and plans (the Risk Management Plan and the Risk Capital Allocation Plan).

Group companies develop appropriate risk management systems suited to the characteristics of their own operations and risks, based on SMTH's policy concerning risk management.

Risk Management Structure



Risk Management Structure

The roles and responsibilities of the management structure and principal departments related to risk management are as follows.

Board of Directors

Clarifies the Group's management policy and strategic goals, formulates the risk management policy based on the strategic goals, supervises development of appropriate risk management system, and implements appropriate measures to raise awareness of the risk management policy throughout the Group.

Directors, Officers in Charge

Directors are fully aware of the importance of risk management, and officers in charge of risk management-related departments consider policies and specific measures for developing and establishing proper risk management systems.

Risk Management-related Departments

Accurately recognize risk status, and conduct appropriate management and operations regarding risks, through a series of activities, which include risk identification, assessment, monitoring, control and reduction.

Internal Audit Department

Verifies the appropriateness and effectiveness of the risk management system as a department independent of business execution.

Enterprise Risk Management and Integrated Risk Management (Economic Capital Management)

SMTH manages various risks in its Group and comprehensively measures risks unique to the Group organization which each group company cannot recognize alone, such as the spread of risks within the Group. It manages these risks by comparing them with the Group's overall financial strength (Enterprise Risk Management).

In addition, among the risks subject to the Enterprise Risk Management, SMTH combines risks which are quantifiable with a unified criteria such as the integrated VaR*, and manages these risks by comparing them with the Group's overall financial strength, which is indicated by its capital efficiency (Integrated Risk Management). Aiming to simultaneously secure both capital adequacy and efficiency of capital use, the Integrated Risk Management seeks to comply with risk limits set based on risk capital allocated within the financial strength and pursues maximum risk-return.

* Value at Risk (VaR): Risk amount measurement indicator. The maximum amount of loss anticipated within a certain period (the holding period) within the range of certain probability (the confidence interval). SMTH is applying a measurement with a one-tailed confidence interval of 99%.

Status of Risk Management

SMTH classifies risk categories by the cause of risks faced by the entire Group in business operations into "credit risk," "market risk," "funding risk," and "operational risk." SMTH manages these risks in accordance with their

respective characteristics. Furthermore, each risk category is reviewed on a quarterly basis and reported to the Executive Committee as well as to the Board of Directors to prevent the emergence of risks.

Credit Risk	
Definition	Risk that the Group incurs losses due to the value of an asset (including off-balance sheet assets) decreasing or impairing owing to such reasons as deterioration in the financial condition of an obligor. Of this, "country risk" in particular means risk that the Group incurs losses on credit provided overseas, due to foreign exchange, political and economic conditions of the country of the obligor.
Basic policy	<ul style="list-style-type: none"> • A credit risk management system and an asset evaluation management system are developed to ensure the soundness and adequacy of credit-related operations, in accordance with established basic policies on Group-wide credit risk management. Meanwhile, we are dealing with obligors, based on the understanding that it is critical to keep informed of the obligors' actual business status and provide them with management consultation and guidance along with assistance for business improvement initiatives, in an effort to mitigate credit risk. • Likewise, the affiliated banks engage in appropriate credit risk management based on risk management systems established in accordance with the aforementioned basic policy.

Credit Risk (continued)	
Risk management system	<ul style="list-style-type: none"> • The Risk Management Department is designated as a department responsible for credit risk management at SMTH and engages in monitoring and analysis of the credit risk status across the Group. The department also provides supervision and guidance to affiliated banks and companies. • The Risk Management Department is designated as a department responsible for credit risk management at affiliated banks as well, while the credit supervision departments, the departments responsible for problem loans management, and the departments responsible for asset evaluation/management are designated as departments responsible for credit risk-related management.
Risk management method	<ul style="list-style-type: none"> • An obligor's business status is managed on a consolidated basis across the Group. Not only loans but also assets and off-balance sheet assets associated with credit risk are managed on an integrated basis. • Credit risk is evaluated and measured using criteria including credit ratings, while credit risk is adequately controlled through measures such as the imposition of risk limits and management of concentrated credit risk. The status of credit portfolio (concentration of credit to certain industry sectors or specific groups) is also adequately grasped and controlled.
Matters that came into focus in 2013	<p>We are promoting and reinforcing a Group-wide approach as part of the initiative for a shift from a fundamental internal rating-based approach to an advanced internal rating-based approach. We are also advancing a stress testing implementation system, based on historical scenarios and hypothetical scenarios.</p>

Market Risk	
Definition	<p>Risk that the Group incurs losses due to fluctuations in the value of assets/liabilities (including off-balance sheet assets/liabilities), or in the earnings generated from assets/liabilities, due to fluctuations in various market risk factors, such as interest rates, foreign exchange rates, stocks, commodities, and credit spreads. Of this, "market liquidity risk" in particular means risk that the Group incurs losses caused in a situation where it becomes impossible to conduct transactions in the market or becomes obligatory to trade at prices much more disadvantageous than usual due to market turmoil.</p>
Basic policy	<ul style="list-style-type: none"> • Adequate market risk management is in place, commensurate with the Group's strategic goals as well as the scale, characteristics, and risk profile of business activities, to ensure the soundness and adequacy of business activities, in accordance with established basic policies on Group-wide market risk management. • Our affiliated banks also engage in market risk management in accordance with risk management policies established on the basis of the aforementioned basic policy.
Risk management system	<ul style="list-style-type: none"> • The Risk Management Department is designated as a department responsible for market risk management at SMTH and engages in monitoring and analysis of market risk status across the Group. The department also provides supervision and guidance to affiliated banks. • An adequate market risk management framework is in place at our affiliated banks, where the front office (trading/marketing departments), the back office (administrative departments), and the middle office (departments responsible for market risk management) are separated to achieve effective checks and balances between them.

Market Risk (continued)	
Risk management method	Market risk is managed through monitoring and control of the status of conformity to the risk limits established based on risk capital allocated commensurate with the financial strength of each organizational unit, and to the alarm points established to prevent enlargement of loss. Meanwhile, market risk is measured by VaR (Value at Risk: the maximum amount of loss anticipated within a certain holding period and within a certain confidence interval), while stress testing is carried out to supplement such VaR-based measurement. Interest rate risk in the banking book in terms of the outlier criteria under Basel II is managed by regular monitoring.
Matters that came into focus in 2013	The Group is enhancing its preparedness against sharp changes in the market environment through continuous monitoring of early warning indicators, full use of stress testing based on forward-looking hypothetical scenarios, and other measures.

Funding Risk	
Definition	Risk that the Group incurs losses in a situation where it becomes impossible to secure necessary funds or becomes obligatory to raise funds at interest rates significantly higher than usual.
Basic policy	<ul style="list-style-type: none"> • Adequate funding risk management is in place, commensurate with the Group's strategic goals as well as the scale, characteristics, and risk profile of business activities to ensure the soundness and adequacy of business activities, in accordance with established basic policies on Group-wide funding risk management. • Our affiliated banks also engage in funding risk management in accordance with risk management policies established on the basis of the aforementioned basic policy.
Risk management system	<ul style="list-style-type: none"> • The Risk Management Department is designated as a department responsible for funding risk management at SMTH and engages in monitoring and analysis of funding risk status across the Group. The department also provides supervision and guidance to affiliated banks. • At our affiliated banks, an adequate funding risk management framework is in place, where the independence of the department responsible for funding risk management from the departments responsible for funding management and the trading/marketing departments is ensured to achieve effective checks and balances between them.
Risk management method	We adequately grasp the current degree of tightness of funding under the stipulated classification, based on analysis of information collected from domestic and overseas sources. We conduct funding operations in compliance with adequate predetermined limits in order to avoid funding risk and carry out stress testing to develop contingency plans, thus ensuring crisis preparedness.
Matters that came into focus in 2013	As part of an effort to comply with Basel III Liquidity Regulations, we enhanced analysis of the cause behind fluctuations of the indicator LCR or (Liquidity Coverage Ratio or LCR) while making progress in the development of a calculation system.

Operational Risk	
Definition	Risk that the Group incurs losses resulting from inadequate or failed internal processes, people and systems or from external events.
Basic policy	<ul style="list-style-type: none"> • Adequate operational risk management is in place, commensurate with the scale and characteristics of business activities and risks, based on the recognition that operational risk is an inevitable risk associated with business execution, to ensure the soundness and adequacy of business activities, in accordance with established basic policies on Group-wide operational risk management. • Our affiliated banks also engage in operational risk management in accordance with risk management policies established on the basis of the aforementioned basic policy.
Risk management system	<ul style="list-style-type: none"> • The Risk Management Department is designated as a department responsible for overall operational risk management at SMTH, while departments responsible for business processing risk and system risk are separately designated. The Risk Management Department also engages in monitoring and analysis of overall operational risk status across the Group, while providing supervision and guidance to the affiliated banks. • Likewise at the affiliated banks, departments responsible for the above three risk categories are separately designated.
Risk management method	The Group regularly carries out self-assessments with respect to internal control (CSA: Control Self Assessment) and measurement of operational risk to adequately identify and assess the risk from both qualitative and quantitative aspects. On this basis, the Group develops measures for preventing such risk from materializing, action plans in the event it does materialize, and recurrence prevention measures based on the analysis of its causal factors, in an effort to mitigate risk. Risk mitigation measures developed through the above exercise are tested for its effectiveness, as part of the process for review and improvement thereof.
Matters that came into focus in 2013	With respect to the method for measurement of operational risk, a shift is under way from the standardized approach to the advanced measurement approach, as part of the initiative to promote and strengthen a Group-wide approach in this area.

Establishment of ESG Risk Response Project Team (PT)

Background

As a result of the globalization of the businesses community in recent years, corporations are increasingly assessed on three additional factors, namely environmental (E), societal (S), and governance (G) aspects (hence ESG), in a wider movement towards a sustainable society. In this context, a corporation is expected to enhance management over its activities including the supply chain of its business connections. Failure or inadequate actions to address ESG-related tasks are having a growing impact on a corporation's social credibility or marketing reputation.

The Group, as a trust banking group involved in various businesses and projects both at home and abroad, recognizes effective responses to ESG-related risks as a priority management item. In this context, the Group established in December 2013 the ESG Risk Response Project Team which is jointly engaged by all concerned departments, as part of initiatives for enhancing risk management.

Purpose

Purposes of the ESG Risk Response Project Team are as follows:

- To identify all ESG risks associated with the Group's activities including its investees, borrowers, and supply chain, drawing a distinction between the areas of risk that have been addressed and those that have not been addressed;
- To study and review adequate systems and methods for risk management that can be deployed; and
- To share ESG-related information.

Departments Forming the Project Team

Sumitomo Mitsui Trust Holdings

Corporate Planning Department, Human Resources Department, Corporate Administration Department, Risk Management Department, Compliance Department

Sumitomo Mitsui Trust Bank

Corporate Planning Department, Human Resources Department, Corporate Administration Department, Risk Management Department, Compliance Department, Customer Satisfaction Promotion Department, Global Business Planning and Coordination Department, Fiduciary Business Planning Department, and Wholesale Business Planning Department

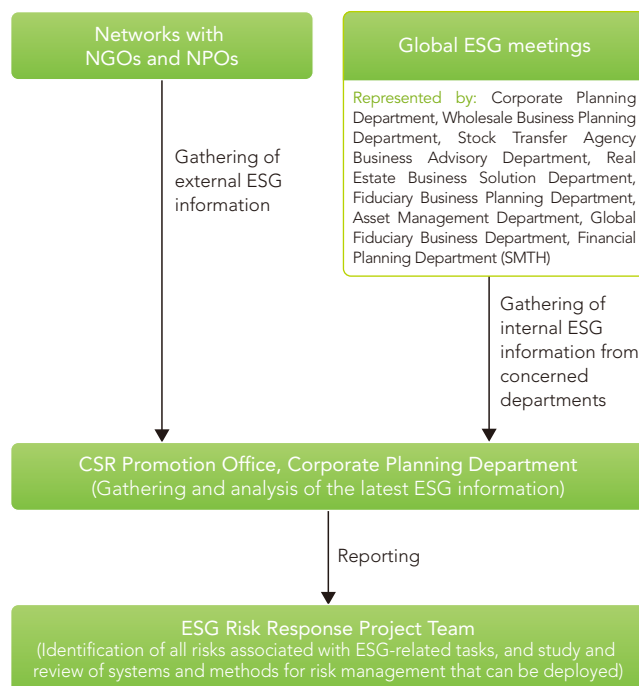
Operational Structure

The ESG Risk Response Project Team has been established as an organization jointly supported by Sumitomo Mitsui Trust Holdings and Sumitomo Mitsui Trust Bank. The Project Team is headed by the Head Office Executive of the CSR Promotion Office, Corporate Planning Department, and members who are capable of engaging in effective discussions are selected without regard to individual rank or job title, from the various concerned departments of both entities. Content of the discussion in the Project Team are reported to the officer in charge of the Corporate Planning Department (the officer in charge of CSR activities) when appropriate.

Information Gathering System

Since ESG risks are more widely and comprehensively discussed overseas, Sumitomo Mitsui Trust Bank, since April 2012, has been organizing global ESG meetings as a forum for sharing the latest ESG information, inviting all concerned departments. Meanwhile, as dialogue with stakeholders is vital for corporations to devise appropriate responses, the CSR Promotion Office of the Corporate Planning Department, which takes the initiative in the Project Team, gathers the latest ESG information and engages in discussions as appropriate with the relevant NGOs and NPOs.

ESG Information Gathering System



Human Rights and Sumitomo Mitsui Trust Group

Human resources are the most valuable resource of financial institutions. The Group endeavors to educate employees in human rights so that individuality is respected and they will not be subject to discrimination based on age, gender, nationality, etc. The Group also respects the human rights of all stakeholders involved in its business activities on the basis of international standards, and thus fulfills its responsibility as a globally operating financial institution.



1 Measures to Educate Employees in Human Rights

Establishment of Human Rights Policy

In December 2013, the Group established its Human Rights Policy to provide guidelines for conduct and judgments with respect to human rights and to supplement the “Basic Policy on the Social Responsibility of Sumitomo Mitsui

Trust Group (Sustainability Policy).” The Group respects the human rights of all stakeholders involved in its business activities, products, and services on the basis of this Human Rights Policy.

■ Human Rights Policy

At Sumitomo Mitsui Trust Group, based on the “Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy),” we strive to foster a corporate culture and workplace environment that respects the basic human rights of clients and all stakeholders, always act with a strong sense of ethics and social conscience in all aspects of our corporate activities, and achieve sustainable development as a corporate group that is trusted by society.

1. Respect International Standards

We respect international standards on human rights, such as The Universal Declaration of Human Rights and corporate codes of conduct based on the United Nations Global Compact.

2. Prohibit Discrimination

We reject, in all our corporate activities, discrimination and infringement of human rights based on race, nationality, gender, origin, social status, beliefs, religion, physical characteristics, and the like.

3. Foster a Corporate Culture that Respects Human Rights

We regard every kind of human rights issue as one facing us and encourage our employees to think from the other person’s point of view so as to foster a corporate culture that respects human rights.

4. Establish a Pleasant Workplace Environment

We establish a pleasant workplace environment by encouraging all executives and employees to treat each other as business partners and build equal relationships that allow a free exchange of opinions.

We acknowledge that such behavior as sexual harassment and power harassment impair human dignity; therefore, we do not allow such behavior.

5. Ensure Fair Recruitment

We implement strict and fair screening in the recruitment of employees and others, solely based on individual capability and suitability.

6. Implement Human Rights Education Training

With the aim of resolving all kinds of actual or potential issues related to human rights and encouraging all executives and employees to develop a deep appreciation of human rights that appropriately reflects relevant and accurate facts and information, we work on a wide range of human rights education activities, including one addressing discrimination against the Dowa, a specifically Japanese social minority, through every kind of opportunity, mainly annual workplace-based human rights education training.

The above-mentioned policy also applies to our overseas network, and the Group gathers information on cases where the corporate activities of our domestic and overseas suppliers and contractors (supply chain), and companies that we invest in or lend to, negatively impact human rights. In cases where relevant laws, standards, and policies are violated, necessary measures are taken as appropriate.

Background

In view of the fact that in June 2011, the United Nations Human Rights Council endorsed a new set of Guiding Principles for Business and Human Rights (hereinafter, the “Principles”), the Group established a project team primarily supported by the Human Resources Department, which has engaged in numerous discussions with a view to developing a system to address the issue of respect for human rights based on international standards. As a result, in December 2013, the Human Rights Management System, which includes the establishment of the Human Rights Policy based on the Principles, was developed.

Human Rights Management System based on the Guiding Principles for Business and Human Rights

Commitment	Establishment of the Human Rights Policy
Implementation of human rights due diligence*1	In December 2013, the Human Rights Due Diligence Liaison Committee was newly established. Prior to this, in January 2013, the Human Rights Due Diligence Self-check List*2 was distributed to all branches, departments, and affiliates both at home and abroad as a tool to check the status of respect for human rights at each unit. Problems to be addressed are currently being derived based on the results of this exercise.
Access to redress	The Personnel Consultation Desk in the Human Resources Department will serve as a contact point.

*1 Human rights due diligence refers to a series of initiatives to identify actual or potential impact on human rights, resulting from the activities of the Group or related outside parties, to develop measures for the prevention or mitigation of such impacts, and to continuously verify and disclose the effectiveness of such measures.

*2 A check list serves to verify the progress in each department concerned with the Human Rights Management System, such as the status of implementation of human rights due diligence, compliance with the Human Rights Policy, and occurrence of human rights violations.

Outline of the Human Rights Management System

The Human Rights Due Diligence Liaison Committee chaired by the Head Office Executive of the CSR Promotion Office, Corporate Planning Department, has been established as a joint organization by Sumitomo Mitsui Trust Holdings and Sumitomo Mitsui Trust Bank. The roles of the concerned units are as follows.

Departments Forming Human Rights Due Diligence Liaison Committee

Sumitomo Mitsui Trust Holdings

Corporate Planning Department, Human Resources Department, Corporate Administration Department, Risk Management Department, Compliance Department

Sumitomo Mitsui Trust Bank

Corporate Planning Department, Human Resources Department, Corporate Administration Department, Risk Management Department, Compliance Department, Customer Satisfaction Promotion Department, Global Business Planning and Coordination Department, Fiduciary Business Planning Department, and Wholesale Business Planning Department

Human Rights Due Diligence Liaison Committee

- Chaired by the Head Office Executive of the CSR Promotion Office, Corporate Planning Department, this committee engages in investigating the status in addressing human rights at all Group companies including overseas entities, derives tasks to be addressed, and discusses measures for improvement.
- This committee conducts semi-annual investigations into the status of addressing human rights by using the Human Rights Due Diligence Self-check List*2.

Corporate Planning Department

This department formulates objectives and plans for the development and reinforcement of the framework to address human rights issues within the Group, based on discussions at the Human Rights Due Diligence Liaison Committee.

Human Resources Department and Human Rights Education Committee

These organizations engage in the planning and implementation of measures including human rights education training, based on discussions at the Human Rights Due Diligence Liaison Committee.

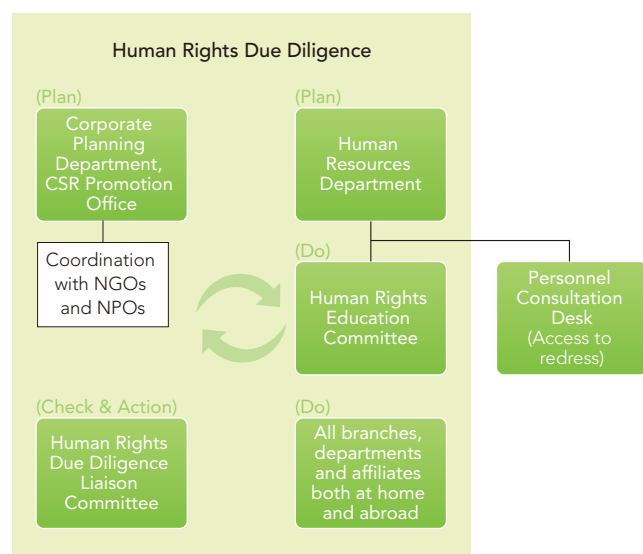
All Branches, Departments, and Affiliates at Home and Abroad

Each unit verifies the status of compliance with Human Rights Policy, based on the Human Rights Due Diligence Self-check List.

Personnel Consultation Desk

This desk engages in various consultations concerning human rights, while promptly taking necessary measures in coordination with concerned departments if a negative impact on human rights materializes.

Human Rights Management System Based on PDCA Cycle



2 Regarding Traditional Human Rights Issues

The Group recognizes issues concerning the Dowa minority and foreign residents, as well as the human rights issues concerning disabled persons, as human rights issues closely associated with our daily business environment. On this basis, the Group continues its initiative to nurture common awareness about each task to be addressed. Specifically, a variety of training and educational activities are organized mainly by the Human Rights Education Committee chaired by the officer in charge of the Human Resources Department. The Human Rights Education Committee dispatches a

“Human Rights Awareness Tool” by e-mail to all employees on a monthly basis, which cites outstanding examples that illustrate respect for human rights. The Committee also organizes workplace-based human rights education training for about one hour per year for each employee on average at all branches and departments of Sumitomo Mitsui Trust Bank.

In the meantime, human rights-related themes are taken up in collective training such as rank-based training and in divisional meetings (on 23 occasions in all during 2012), in an effort to enhance human rights awareness among employees.

3 Protecting Various Human Rights

Initiatives to Address Dowa and Foreign Residents Issues

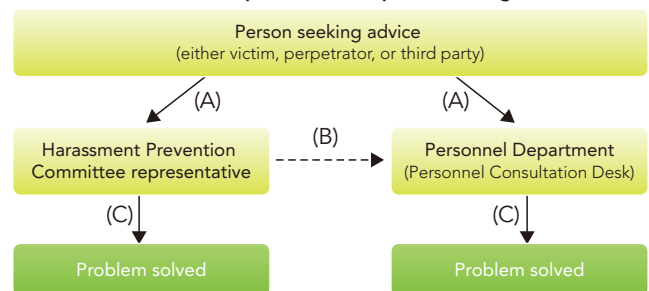
The Group regards tackling discrimination against the Dowa minority as a particularly important theme in the promotion of human rights education. During fiscal year 2013, the Group continued its efforts to increase employees’ level of understanding about the Dowa issue based on insights from external bodies, such as the Industrial Federation for Human Rights, Tokyo. At the same time, we have worked toward thorough elimination of prejudiced or discriminatory views through various training programs and education activities, including new employee training.

With regard to foreign residents issues, a new residency management system, launched on July 9, 2012, was discussed at the workplace-based human rights education training conducted at all branches and departments of Sumitomo Mitsui Trust Bank. Education was provided on giving consideration to the human rights of foreign residents, including the handling of personal authentication documents and respecting privacy, envisioning such situations as identifying oneself at service counters.

Prevention of Sexual Harassment and Power Harassment

Sexual harassment and power harassment are prohibited. Such behavior can both damage the character of an individual and infringe upon his or her human rights. We have taken a particularly strict stance on prohibiting sexual harassment within the workplace. In terms of power harassment, we are working toward the elimination of all forms of this problem. This problem is based on advantageous positions in the workplace. It is not limited to harassment by superiors of subordinates, but also includes harassment between senior employees and junior employees, colleagues, and even harassment by subordinates of their superiors. In the event harassment does occur, advice is sought and complaints are registered via the Harassment Prevention Committee representative in each branch and department, or directly by the Personnel Consultation Desk within the Human Resources Department. When advice is sought by a victim, a person in

Structure for Advice/Complaints and Response relating to Harassment



- (A) Advice is sought and complaints are registered via the Harassment Prevention Committee representative in each branch or department, or directly by the Personnel Consultation Desk within the Human Resources Department.
- (B) The Harassment Prevention Committee representative will, where necessary, consult the Personnel Consultation Desk within the Human Resources Department and request advice or measures to address the case.
- (C) The Harassment Prevention Committee representative or the Personnel Consultation Desk within the Human Resources Department will, once they understand the details of the complaint being registered by the complainant, interview the party accused of harassment, as well as other related parties as necessary, in order to accurately understand the situation, and attempt to solve the issue via advice or other measures.

charge conducts an overall investigation that includes interviews with relevant parties on the specific behavior indicated, the relationship of the people involved, the response of the victim, etc. Either stringent corrective measures or punishment—or both—are implemented against the perpetrators.

Furthermore, we discuss harassment in workplace-based human rights education training, new employee training, and training implemented for different management levels. We are committed to ongoing educational activities to ensure that all employees are well acquainted with the principles and issues.

Initiatives in our Overseas Network

In our overseas network, we maintain and improve awareness of human rights issues among dispatched employees on a regular basis through the same workplace-based human rights education training that is provided in Japan, as well as distributing the same “Human Rights Awareness Tool.” In addition, based on each country’s situation, training is provided for local staff aimed at the prevention of sexual harassment and power harassment.

Employees and Sumitomo Mitsui Trust Group

Human resources are the most valuable resource of financial institutions. The Group promotes a personnel training program, and the creation of a working environment that enables a healthy work-life balance. We thereby nurture human resources in such a way that they contribute not only to the development of the Group, but also to the sustainable development of society as a whole.



1 Promoting a More Employee-Friendly Workplace Environment

Measures to Promote the Realization of a Healthy Work-Life Balance

The Group actively works to establish a workplace environment where employees can work feeling at their ease, while maintaining a good balance between work and personal life. We offer childcare leave for fathers and up to 10 days per year (in the case of employees with two or more children requiring care) of additional leave to look after sick children, in addition to offering childbirth and childcare leave until children reach the age of two. Furthermore, we offer employees who are pregnant or who live with and raise children of or below the third grade of elementary school a system of shorter working hours and the freedom to choose to refrain from working overtime or at night. These measures have allowed us to create an environment where parents can raise their children with peace of mind.

In fiscal year 2012, 247 employees (246 females and one male) used this system and took childcare leave.

Moreover, for employees with family members who require nursing care, we offer up to 10 days (with two or more family members requiring care) of nursing care days-off, a nursing care leave system that provides leave for as long as a one-year period, and a shortened workday system that applies for up to two years (for each applicable family member).

In addition, we hold "Family Visit Days," when the family members of employees are invited to the workplace in order to deepen the bonds and communication between family members, and to provide an opportunity for families to consider what it means to work as part of society.



System for Childbirth and Childcare (as of end of March 2013)

Item	Pregnancy	Before childbirth	After childbirth	Under 1 year of age	Until the child's second birthday	To under elementary school age	Until third grade of elementary school
Staggered working hours	○	○	○	○	○	○	○
Secure time for hospital visits, ease the burden of commuting, etc.	○	○	○	○			
Prenatal and postnatal leave (8 weeks before and after childbirth/paid)		○	○				
Maternity and childcare leave (first week is paid leave)	○	○	○	○	○		
Childcare time (1 hour a day or two 30 minute periods a day/paid)				○			
Exemption from overtime work	○	○	○	○	○	○	○
Exemption from late-night work	○	○	○	○	○	○	○
Shortened workday system (shorten working hours by no more than 2 hours a day)	○	○	○	○	○	○	○
Nursing care leave				○	○	○	

Improving the Workplace Environment

The Group is conducting a broad range of initiatives to improve the workplace environment. Specifically, we have been working on reducing the level of overtime work by carrying out thorough work-efficiency and time-management measures. In addition, we have attempted to minimize total working hours by encouraging employees to take long holidays and by conducting promotions such as a "Go-Home-Early" month and a "Leave-the-Office-on-Time" week.

Employee-Health Management System

In an effort to help our employees manage and improve their health, we have appointed medical and hygiene supervisors (hygiene promoters) at each of our business locations to provide detailed health management guidance.

Moreover, we provide health examinations every year and assistance to employees and their families to enable them to receive comprehensive physical examinations at facilities through our health insurance association.

We offer mental health counseling sessions at clinics within our company, and our health insurance association also provides free health advice to employees by telephone. In addition, we have activities such as training for managers to raise their awareness at recognizing the importance of employee health management.

Number of Consultations Concerning Labor Practices, etc.

FY2012

26

2 Promotion of Diversity

Promoting and Supporting Women

The Group ensures “the right people are placed in the right positions based on their capabilities in order that all of our employees can realize their full potential.” We make sure that decisions about managerial promotions are based on merit. As of the end of September 2013, Sumitomo Mitsui Trust Bank had three female employees at the level of General Manager up to sub-executive positions, 95 female employees at the level of Section Manager up to sub-General Manager positions, and 196 female employees at the level of Assistant Manager up to sub-Section Manager positions.

We proactively promote female employees to the position of Section Manager or above, and carry out training for female employees who have not yet reached the Section Manager level in order to foster proactive career planning and network creation. We plan continuously to hold information exchange meetings, between female Section Managers and leaders, as a means of promoting personnel exchange inside and outside the company, and the sharing and resolution of challenges faced in the carrying out of duties.

Moreover, from the standpoint of supporting a balance between work and private life, we endeavor to develop a variety of systems and a workplace environment in order to make it easier for employees to choose flexible ways of working so they can readily adapt to major life events such as childbirth, childcare, and nursing care.

Employment of Disabled Persons

The Group hires disabled people who want to work. As of September 30, 2013, our disabled person employment ratio was 2.07%, surpassing the current statutory ratio (2.0%) that was increased on April 1, 2013. The Group will continue to proactively employ disabled persons, as well as to strive to create a more comfortable workplace for disabled people.

Postretirement Employment of the Elderly

The Group has a program that continuously employs retirees who meet certain criteria until they reach the age of sixty-five if they request employment (the Elder Partner Program). In recent years, approximately 90% of employees that reached retirement age use this program.

Employee Breakdown (Sumitomo Mitsui Trust Bank)

Number of employees	As of end of March 2013	12,790 (6,459 men) (6,331 women)
	Japan	12,311
	China	117
	Korea	3
	Thailand	5
	Singapore	103
	Indonesia	5
	UK	102
	USA	144
Average age	As of end of March 2013	41.1 (Male: 42.4) (Female: 39.8)
Average continuous years of employment	As of end of March 2013	12.9 (Male: 14.9) (Female: 10.8)
Average annual salary	As of end of March 2013	7,409 thousand yen
Number of temporary staff	As of end of March 2013	1,452
Number of part-timers	As of end of March 2013	173
Number of disabled persons employed	As of end of March 2013	223 (Disabled person employment ratio: 2.00%)
	As of end of September 2013	249 (Disabled person employment ratio: 2.07%)
Number of employees using the Elder Partner Program	As of end of September 2013	562

* In fiscal year 2012, the number of absentees was 316 (152 men, 164 women), the number of employee turnover was 305 (80 men, 225 women), and the number of work-related accidents was 84.

3 Measures to Support Employee Career Advancement

Recruiting and Hiring

The recruitment section of our website provides clear explanations of the characteristics of our personnel system, the function of trusts, and their importance, and the business content of each of our divisions. The website is also designed to give visitors an idea of what working at the company is really like with features such as employee interviews, etc.

More than 67,000 recent graduates applied via the website during the recruitment period for new entrants who will join the Group in April 2015, and the number of those applying on-line continues to increase every year.

Number of New Recruits

	Total (total of male and female)	Male	Female
FY2012	312	130	182
FY2013	334	140	194

Our Personnel System and Personnel Management, Supporting Employee Career Advancement

The Group has implemented a course-based system that promotes employee career formation. Employees are streamed into two courses, the G Course and A Course, depending on their likelihood of being transferred and the nature of their work duties.

There is also a system, applied to all courses, that places employees into four work groups based on their demonstrated capabilities. By adopting this system, we encourage personnel management based on ability, rather than age or gender.

All employees regularly talk with their superiors on the status of career formation to be evaluated and receive feedback.

Internal Job Posting System

We have initiated an internal job posting system to encourage our employees to independently and voluntarily shape their own careers. Under this system, applicants can apply directly to the Human Resources Department. If applicants pass the screening, they will be able to transfer to their desired position or division.

Personal Evaluation System

The Group's personnel evaluation system enables individual employees to participate in the evaluation process. All employees consult with their supervisors, setting tasks that they will attempt to tackle at the beginning of the term. They meet again with their supervisor to discuss whether they achieved these goals and to receive feedback.

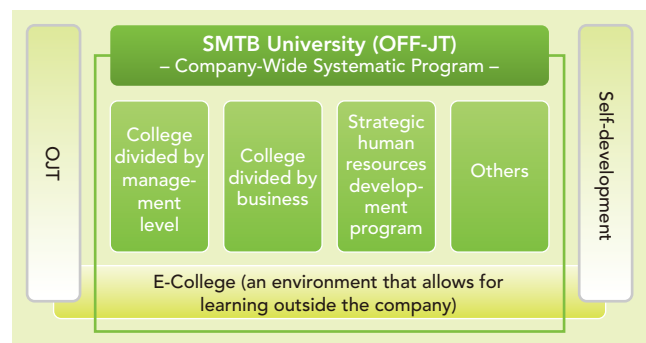
Employee Training and Skill Development

While employee training and skill development in the Group are generally provided on an OJT* basis, group training is also provided. The objective is to improve employees' operational skills and management abilities. Many opportunities for self-development are also provided to encourage employees to continue improving their skills.

For example, we established the SMTB University in

May 2012. This company-wide program is aimed at realizing distinct added value that is "unique to a trust bank" and "distinctive of Sumitomo Mitsui Trust Bank." The program also develops human resources who can swiftly provide comprehensive solutions to clients. Under the operation principle of "building a culture of learning and developing human resources who can help themselves and be independent," we are developing a system to support employees to improve their skills through the launch of a college divided by management level, which is operated mainly by the Human Resources Departments, and also the launch of a college divided by business, which is operated mainly by each division.

* OJT = On the Job-Training. OJT is a process whereby workplace supervisors and senior employees teach subordinates the knowledge, skills, and duties required of them via their daily tasks.

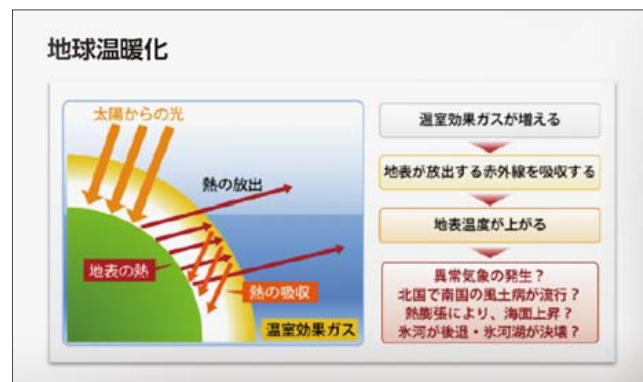


Human Resource Development that Promotes CSR

CSR is incorporated into the training curriculum for new hires, and we give lectures on the Group's basic CSR philosophy as well as the significance of our efforts.

Environmental Education through E-Learning

The Group has obtained ISO14001 certification for the South Tower Building, the Shiba Building, the Fuchu Building, and the Senri Building. We have made it mandatory for all employees of Sumitomo Mitsui Trust Bank, including branches, to complete an environmental education course through e-learning. This effort is to instill employees with the latest knowledge on issues such as the basics of environmental problems, laws and regulations, the Group's initiatives, and biodiversity problems.



Environmental Burden Reduction Initiatives

The Group utilizes an environmental management system framework to reduce the environmental impact of its daily business activities, and is working on initiatives to improve the efficiency of its operations.



Further Promotion and Group-Wide Deployment of Environmental Management

1 Environmental Burden Generated by Business Activities

Environmental Management by ISO14001

The Group has obtained ISO14001 certification (international standard for environmental management systems). We obtained the certification for three sites: the head office building, which has a huge environmental burden, and two computing centers, one at the Fuchu Building and the other at the Senri Building. We continue to operate these sites based on the PDCA cycle. In addition, we commenced operation of the environmental management system at the large-scale Shiba Building in October 2013, and included this building as a certified site in February 2014.

At these ISO certified sites, we operate a management system by specifying departments serving in principle as the unit of ISO activity. We are moving forward with activities to reduce the burden we put on the environment after setting targets for paper consumption, electricity consumption, waste discharge,

and environment-conscious "Green procurement," which are vital environmental aspects in the banking business, and formulating an action plan for each department.

Regarding paper consumption, in fiscal year 2012 the Fuchu Building achieved a 9.9% reduction compared to its 15% reduction target. The head office building realized a reduction of only 0.7%, thus failing to achieve its 10% reduction target. This was attributed to an increase in output due to the integration process. However, the Senri Building realized a reduction of 19.6%, exceeding its 15% reduction target. In fiscal year 2013, we will establish reduction targets that are 5% higher than those for fiscal year 2012 as we engage in reducing paper usage.

As for electricity consumption, in fiscal year 2012 the two computing centers of the Fuchu Building and the Senri Building missed their reduction targets by a slight margin due to factors such as an increase in system development

■ Environmental Policy

1. Provision of Products and Services

We will strive to reduce environmental risks and enhance environmental value for the society as a whole by providing financial products and services that contribute to the preservation of the global environment and the realization of a sustainable society.

2. Environmental Burden Reduction

We will strive to preserve the environment and realize a sustainable society through efforts toward energy conservation, resource conservation, and resource recycling based on the recognition of the burden imposed on the environment by the consumption of resources and the discharge of wastes involved in our business activities.

3. Pollution Prevention

We will strive to ensure continuous verification and improvement of our environmental activities and make efforts to prevent pollution.

4. Regulatory Compliance

We will comply with the laws, regulations, rules, and agreements concerning the preservation of the environment.

5. Monitoring

We will strive to ensure the continuous improvement of our environmental activities by setting and periodically reviewing and revising environmental objectives and targets.

6. Education & Training

We strive to ensure group-wide awareness of compliance with the Environmental Policy and to provide appropriate environmental education.

7. Information Disclosure

We will strive to promote activities to preserve the environment through communications with external organizations by publicly disclosing the Environmental Policy.

* The Action Guidelines for Mitigating Climate Change (see page 15) and the Action Guidelines for Preserving Biodiversity (see page 25) are specific guidelines that were drawn up based on this Environmental Policy.

staff and related workload. The Fuchu Building achieved a reduction of 3.5% compared to its 4% reduction target, and the Senri Building achieved a reduction of 5.4% compared to its 6% reduction target. On the other hand, the head office building, which was relocated, realized a reduction of 15.7%, far surpassing its target. The new head office building is a highly energy saving building that has achieved the highest CASBEE (Comprehensive Assessment System for Built Environment Efficiency) ranking (S rank), and we will continue striving to reduce electricity consumption in the future.

With respect to waste discharge, the Fuchu Building realized a reduction of 39.1%, substantially exceeding its 15% reduction target. Meanwhile, owing to large volume disposal due to a review of stored documents, the Senri Building achieved a reduction of 6.5% compared to its 15% reduction target and the head office building increased discharge by 4.2% compared to its 10% reduction target. In fiscal year 2013, each site will set 5% higher reduction targets than those for fiscal year 2012 and seek to achieve the targets.

Major Activities and Targets

Activities	FY2012*1		FY2013*2
	Targets*3	Results	Targets*4
Paper consumption	Fuchu Building and Senri Building: 15% Reduction Head office building: 10% Reduction	Fuchu Building: 9.9% Reduction Senri Building: 19.6% Reduction Head office building: 0.7% Reduction	Fuchu Building and Senri Building: 20% Reduction Shiba Building: 10% Reduction Head office building: 15% Reduction
Electricity consumption	Fuchu Building: 4% Reduction Senri Building: 6% Reduction Head office building: 1% Reduction	Fuchu Building: 3.5% Reduction Senri Building: 5.4% Reduction Head office building: 15.7% Reduction	Fuchu Building: 4% Reduction Senri Building: 2% Reduction Shiba Building: 1% Reduction Head office building: 5% Reduction
Waste discharge	Fuchu Building and Senri Building: 15% Reduction Head office building: 10% Reduction	Fuchu Building: 39.1% Reduction Senri Building: 6.5% Reduction Head office building: 4.2% Increase	Fuchu Building and Senri Building: 20% Reduction Shiba Building: 10% Reduction Head office building: 15% Reduction
Environment-conscious "Green procurement"	Head office building: 90%	Head office building: 94.6%	Head office building and Shiba Building: 91%

*1 Targets and results for ISO certified sites (the head office building, the Fuchu Building, and the Senri Building)

*2 Targets for ISO certified sites (the head office building, the Shiba Building, the Fuchu Building, and the Senri Building)

*3 The Fuchu Building and the Senri Building figures indicate reductions versus FY2008. The head office building figures indicate reductions versus assumed annual consumption. The baseline for determining the assumed annual consumption is the consumption during the second quarter of FY2012 times four.

*4 The head office building figures indicate reductions versus FY2012. The Fuchu Building and the Senri Building figures indicate reductions versus FY2008 (versus FY2010 for electricity). The Shiba Building figures are determined based on the baseline that is the consumption during the second quarter of FY2013 times four.

Assessment by External Auditors

In operating ISO14001, internal environment examinations are conducted by internal environment auditors every year between departments. The Group cements the checking function with the ISO Office and ensures objectivity by conducting internal environment examinations with outside experts. Most recently, we conducted an internal environ-

Assessment by External Auditors

Positive assessments	Head office building, Senri Building, Fuchu Building (1) Continuously undertaking new development, promotion, and expansion of sales of CSR-related products each year according to client needs exemplifies balancing the environment and management, and this effort is highly rated. (2) Integrating ISO committee members and CSR committee members who had belonged to separate organization structures enables the Group to proceed efficiently, and therefore this initiative can be highly rated. (3) Keeping in mind overall management with an eye to expanding the site to Group companies and branches and departments as a medium- to long-term plan enables the Group to appropriately respond to slightly irregular and also unexpected events, and therefore can be highly rated.
	Shiba Building In expanding the certification scope to the Shiba Building, the Group proceeded by always being mindful of "compliance" and "effectiveness of the operation status" in line with standards and the EMS that has been built and by making sure that there were no omissions. Although being within the scope of sampling, there were no matters to be brought up as opportunities for improvement, aside from advice given orally. This fact makes it highly rated.

ment examination in July 2013.

In the evaluation conducted by external auditors, we received high marks for continuously pursuing new development, promotion, and expansion of sales of CSR-related products at ISO certified sites each year according to client needs; for enhancing operation efficiency by integrating ISO committee members and CSR committee members; and for engaging in management with an eye to expanding this initiative to Group companies and branches and departments as a medium- to long-term plan.

Environmental Performance and Environmental Burden Reduction Measures

The Group works to reduce the burden on the environment both in its input of resources such as paper and energy used in business activities and in its output such as CO₂ and waste discharged from these activities. The environmental performance at the domestic sites of Sumitomo Mitsui Trust Bank is as described below. Performance is affected by factors such as changes in installed capacity and business volume of each site following the management integration and measures to cut peak electricity consumption during the summer.

In fiscal year 2012, the volume of CO₂ emissions was 47,037 tons, an increase of 19.7% from the year before of 39,309 tons. Electricity consumption increased by 0.5% from the previous year due to the impact of factors such as consolidation of sites and the use of district heating supply at the head office building. The volume of CO₂ emissions showed a significant increase of 19.7% overall due to an increase in gas consumption and other factors.

Extensive energy saving and CO₂ reduction measures were implemented during fiscal year 2011 at the Fuchu Building, which has a large volume of CO₂ emissions, in accordance with the greenhouse gas emissions reduction measures based on the Metropolitan Tokyo's Environmental Security Ordinance. These measures included the installation of a high-efficiency heat source system and suppression of humidification steam during cooling of

the outdoor air in the computer room's main air-conditioning unit. However, electricity conservation measures were implemented during the summer in the service areas of Tokyo Electric Power Company after the installation of equipment. For this reason, we were forced to shift main operations from an electronic air-cooled heat pump chiller installed as a global warming countermeasure to a gas-burning cold water generator for the purpose of cutting peak electricity consumption. The equipment installation contributed to cutting peak electricity consumption but was unable to produce the initially planned CO₂ reduction effect as gas consumption greatly increased. Furthermore, the reduction of electricity consumption at the head office building was also due to reduction effect resulting from the supply of district heating, and the volume of indirect CO₂ emissions is increasing. The increase in the burden of the computing system at the Senri Building was offset by the use of inverter control technology in elevators and the introduction of LED.

We will strive to fulfill the obligation to achieve reductions under the Metropolitan Tokyo's Environmental Security Ordinance and make our best efforts under the Act on the Rational Use of Energy, as well as continue our efforts to implement well-balanced energy management that supports both the supply-demand balance of electricity and global warming countermeasures.

We were able to reduce paper consumption by 10.6% from the previous year thanks to a default setting aimed at reducing paper use in printers and copiers and the repeated implementation of extensive reduction measures. In addition, we are increasing our purchasing rate of recycled paper. The volume of paper disposal was almost unchanged from the previous year in spite of a decrease in paper consumption due to the promotion of stored document disposal. In the future also, we plan to expand specific reduction measures at departments that use particularly large amounts of paper, as well as the inventory control of printed materials and the changes in ordering methods that have proven successful.

Environmental Performance (Domestic Sites)

Input	Unit	FY2009	FY2010	FY2011	FY2012
Total energy input	GJ*4	1,081,210	1,107,152	977,992	1,019,835
Electricity use	MWh	94,177	95,432	85,480	85,901
Gas use	km ³	1,938	2,012	1,087	2,475
Gasoline use*1	kl	674	674	684	542
Paper consumption*2	t	963	898	992	887
Recycled paper	t	385	338	377	592
Water use*1	m ³	201,319	199,939	150,900	174,062

Output	Unit	FY2009	FY2010	FY2011	FY2012
CO ₂ emissions	t	45,897	45,541	39,309	47,037
Total waste disposal*3	t	2,077	1,882	1,766	1,749
Paper disposal	t	1,601	1,360	1,360	1,361
Recycled amount	t	1,559	1,334	1,309	1,296
% of total	%	97	98	96	95
Other waste disposal	t	1,365	1,261	406	388
Recycled amount	t	1,144	1,064	207	96
% of total	%	84	84	51	25

• Tabulation Period: April 1, 2012–March 31, 2013

• Total for the former Chuo Mitsui Trust Holdings and the former Sumitomo Trust for FY2009-FY2011

*1 Does not include all sites. *2 Scope includes paper used for copies and computer printouts.

*3 Main site buildings *4 GJ: Gigajoule. A giga is 1 billion. A joule is the international unit of energy, work, or heat quantity.

2 Operational Improvement of Environmental Management

Establishment of Medium- to Long-Term Targets

The Group sets medium- to long-term targets for reducing CO₂ and creating a circulatory society in setting medium- to long-term targets for environmental management with a view to enhancing initiatives of the whole Group. We plan to review the targets in fiscal year 2014 while establishing a system for collecting environmental performance data.

Medium- to Long-Term Environmental Targets for Sumitomo Mitsui Trust Bank

CO ₂ reduction (reduction of electricity consumption)	Reduce electricity consumption rate (electricity consumption/total floor area) in fiscal year 2020 by 10.5% compared to fiscal year 2009. (Sumitomo Mitsui Trust Bank)
Creation of circulatory society (waste disposal)	Raise purchase rates of recycled paper and environmentally friendly paper to 75% or more in fiscal year 2015. (Sites consisting of the head office, Shiba, Fuchu, and Senri)

Deployment of Environmental Management Operational Structure at Group Companies and Branches

Following management integration and consolidation of sites, the Group revised the originally established Rules on the Operation of Environmental Management System and at the same time enhanced operational efficiency on the structural front by integrating the ISO activities and CSR activities of the sites.

Following the addition of the Shiba Building, which houses Group companies on about half of the floors, to ISO14001 certified sites, we will expand the environmental management initiatives to Group companies in the future. Group companies engaged in building maintenance, IT, and back office operations that are tenants of the head office building, the Fuchu Building and the Senri Building

have been taking initiatives under the ISO14001 framework of trust banks. In addition, Nikko Asset Management Co., Ltd. and Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. have built independent environmental management systems. In the future, however, we will advance environmental initiatives at financial business firms, etc. which are tenants of the Shiba Building.

Branches located across Japan have been implementing e-learning on environmental management for all employees as motivation to take environmental initiatives. But from the viewpoint of promoting group-wide initiatives, we decided to collect environmental performance information at branches across Japan and work to advance specific initiatives to reduce the environmental burden.

3 Opening of First Eco-Branch

We have made the Shin-Yurigaoka Branch, which opened in November 2013, our first environmentally friendly “Eco-Branch.” We will work to reduce CO₂ emissions by installing solar-power generation equipment on the roof and introducing BEMS (Building Energy Management

System) that make visible the amount of electricity used in the building. We have also deployed electric cars as company vehicles. We will implement environment-conscious activities at the branch with an eye to evaluation and certification through CASBEE for Market Promotion.

Sumitomo Mitsui Trust Bank Shin-Yurigaoka Branch—Our first environmentally friendly branch

As the first environmentally friendly branch, we are aiming for zero CO₂ emissions.

The Shin-Yurigaoka Branch opened on November 1, 2013. As Sumitomo Mitsui Trust Bank's first environmentally friendly Eco-Branch, the new location seeks to achieve zero CO₂ emissions through a range of measures including the installation of solar panels on the roof, the use of electric cars, and the adoption of a building energy management system (BEMS) that visually displays the amount of electricity used by the building.



Yuko Konishi
General Manager,
Shin-Yurigaoka Branch



Building exterior



Solar panels on the roof



Enabling people to
see generated elec-
tricity levels



Recharging for elec-
tric cars

4 Strengthening Supply Chain Initiatives

Sumitomo Mitsui Trust Bank stipulates “making it a priority to purchase environmentally friendly products, such as products covered by green purchasing and energy-saving products,” in the case of purchasing of stationery and equipment for in-house use. For photocopying paper, which is used in particularly large amounts among purchased products, the Corporate Administration Department selects products while giving consideration to the environmental burden and cost. In principle, the department centralizes purchasing of selected products. In addition, we are implementing activities to reduce usage.

Furthermore, we believe that to advance initiatives to further reduce our environmental burden, it is vital to have cooperative relationships with suppliers of products we procure, in addition to the initiatives SMTB is advancing on its own. In November 2013, we established a “consortium for sustainable paper use” with WWF Japan and other paper-using companies and will jointly implement activities to promote and expand the provision of paper products

that give consideration to ESG initiatives throughout the supply chain.

Basic Philosophy of “Consortium for Sustainable Paper Use”

The consortium will implement sustainable paper use by 2020, based on the philosophy of formulating a responsible procurement policy, action plan, and targets, etc. suited to one's own business activities.

- Give priority to utilizing a reliable certification program and recycled paper
- Do not destroy areas of high conservation value
- Ensure that trees are cut down in compliance with the laws of log-producing areas and the product is produced using appropriate procedures
- Ensure the product does not come from a business involved in serious environmental or social problems

Initiatives to Earn the Trust of Clients

There is a pressing need for financial institutions to properly and fully explain to clients the mechanisms and risks of their products and to gain their understanding. It is also increasingly important that financial institutions properly manage client information and work to improve client satisfaction. The Group is promoting various initiatives to address these issues.



1 Client Protection Management

Basic Policy

Amid the growing number of financial products with ever more complex mechanisms and unique characteristics, there is a pressing need for financial institutions to properly and fully explain to clients product mechanisms and risks and to gain their understanding. It is also increasingly important that financial institutions appropriately respond to complaints and requests from clients and properly manage client information.

Given these conditions, the Group regards client protection as one of its most important management issues. To meet the expectations and trust clients place in the Group, SMTH has established a basic policy in its Client Protection Management Rules to enable each Group company to enhance client protection and convenience. Checking and promotion systems have also been developed, so the Group complies with these and carries out business activities in a fair and just manner. By developing these systems, the Group is promoting various initiatives to address issues and problem areas, and enabling appropriate action based on self-discipline.

Group companies develop appropriate client protection management systems in accordance with the characteristics of their own operations, based on the basic policy established by SMTH.

Outline of Initiatives

Providing Appropriate Information to Clients

In providing financial products and services to clients, Sumitomo Mitsui Trust Bank takes into account their knowledge, experience, asset situation, and purpose of transactions, and provides appropriate and sufficient explanations to obtain their understanding and consent.

For instance, our policy for the solicitation and sales of financial instruments is available for clients to see at our branches and on our website. We also ensure that the aforementioned actions are appropriately taken from the clients' standpoint by ensuring compliance with the suitability rule* and establishing company regulations through

the compilation of a client manual regarding the provision of adequate explanations, etc., as well as through the thorough training we give to our employees.

In particular, for transactions of products with no guarantee of principal, we conduct monitoring to ascertain whether adequate explanations have been provided to elderly clients and we review solicitation rules as required.

* The suitability rule prohibits financial institutions from soliciting clients in ways that are inadequate in light of the client's knowledge, experience, and asset status and the purpose of the conclusion of the financial transaction contract.

Client Information Management

The Group has established the Declaration for the Protection of Personal Information as a policy to securely protect the personal information of its clients. (See page 98.) Furthermore, the Group manages client information appropriately, and when using client information jointly in the Group, each company complies with laws on personal information protection, guidelines on personal information protection in the financial industry, and other related laws and regulations so as to ensure appropriate use of such information.

Client Support Management

We quickly respond to inquiries and complaints from clients in a sincere manner, aiming to resolve them with the understanding and consent of clients to the greatest degree possible. By utilizing our "Voice of Customers Portal," we also work to assess and analyze the causes of such inquiries and complaints as well as making efforts to improve operations in order to enhance client convenience.

Outsourcing Management

When outsourcing its operations, the Group conducts monitoring through verification and evaluation of contractors' operations to ensure proper performance of the operations as well as appropriate handling of clients, including appropriate management of client information. (See page 80.)

2 Efforts to Enhance Customer Satisfaction (CS)

Basic Policy

A wider choice of financial institutions and products is now available to clients, thanks to advances in information technology in our society. Financial institutions are now expected to offer higher levels of services. The Group is responding to today's demands by continually improving its products and services so that it remains the financial institution of choice for clients.

The Group is utilizing its significant expertise and comprehensive capabilities to quickly provide clients with comprehensive solutions. It is also making every effort to adopt a "customer-first approach" and to offer clients peace of mind and ensure their satisfaction with supreme loyalty and sincerity, placing prime importance on credibility and sound management.

Outline of Initiatives

Our System for Applying Client Feedback

Sumitomo Mitsui Trust Bank receives a lot of feedback from clients and many requests at branch offices throughout Japan through telephone centers and the Group's website, as well as the "Voice of Customers Questionnaires" available at every branch. We use this feedback to provide better products and services.

Activities to Raise Employees' CS Awareness

Sumitomo Mitsui Trust Bank is dedicated to training and education to ensure that each and every employee always takes a client-oriented approach.

Sumitomo Mitsui Trust Group Privacy Policy

We at the Sumitomo Mitsui Trust Group, in the utmost effort to protect the personal information of our clients and shareholders, have established the following policies, and we declare to abide by this policy.

1. Compliance with all Applicable Laws and Regulations, etc.

The companies in the Group shall comply with the laws pertaining to the protection of personal information and guidelines set forth by government agencies including other standards.

2. Appropriate Acquisition

The companies in the Group shall obtain personal information from clients only to the extent necessary for our operations and only through proper and legal means.

3. Purpose of Use

The companies in the Group shall notify or announce how the personal information shall be used, and shall only use it within the confines of the prescribed purpose except as otherwise provided by laws and regulations, and shall not use it for any other purpose.

4. Consignment

If the companies in the Group consign the handling of the personal information, then the consignee shall be properly supervised to promote the safe management of the personal information.

5. Offering to Third Parties

The companies in the Group shall not provide to any third party personal information held for clients without obtaining prior consent from the client

except in cases specified by laws and regulations. However, if the companies in the Group provide a client's personal information consequent to the succession of business in a merger or otherwise or if it is shared with a specified party set forth separately, then the personal information held for the client may be provided to the third party without obtaining the client's consent.

6. Responding to Inquiries from Clients, etc.

The companies in the Group shall establish the procedures for correcting and disclosing personal information, and any inquiries concerning questions, suggestions or inquiries and corrections of content, etc. related to personal information shall be handled quickly and accurately.

7. Safety Measures

The companies in the Group take appropriate safety measures in terms of their organizations, personnel affairs, and systems to manage personal information, and the governance framework necessary to protect personal information has been developed.

8. Continuous Improvement

The companies in the Group continually review and strive to improve the compliance program for protecting personal information. All executives and employees are trained to understand the importance of protecting personal information and to appropriately handle personal information.

<Main Education and Training Content>

- Customer Satisfaction (CS) Lectures: We invite speakers from various industries, such as theme parks and aeronautics, to give lectures and lead study sessions for employees.
- New Employee Training: Our training for new employees includes general business manners such as the proper way to greet clients, as well as discussions about what a client-oriented approach entails.
- Client Service Training—Role-Playing: Our client service training includes role-playing so that employees can improve their service skills. Employees also participate in the “Seminar Providing a Simulated Experience as an Elderly Person” to experience some of the physical constraints faced by elderly clients, in an effort to improve the quality of services for these clients.
- CS Information Sharing: Information regarding CS activities and success stories from branch offices, praise from clients, and other CS information is shared via the intranet.



Lecture on customer satisfaction

Barrier-Free, Accessible Sites Improving Environments at Branches

Sumitomo Mitsui Trust Bank is implementing a variety of initiatives in order to ensure that its branches are accessible to all.

For example, we are installing ATMs for the visually impaired, as well as textured paving blocks, to allow them to carry out their transactions smoothly. We have also defined internal procedures for writing and reading proxies for deposits, withdrawals, and the like.

To make our branch facilities easier to use for those with hearing difficulties, we have posted “Ear Mark” signs and “Assistance Dog” stickers, and equipped counters at each branch with writing boards, hearing aids, and communication boards.



Ranked Second in Overall Category in Retail Banking Survey

Sumitomo Mitsui Trust Bank (SMTB) ranked second in the overall category in a retail banking survey* of 117 banks in Japan. The survey was published in *Nikkei Veritas* in September 2013.

We received high ratings, especially for our product lines in asset management and housing loans, including the top position for asset management products.

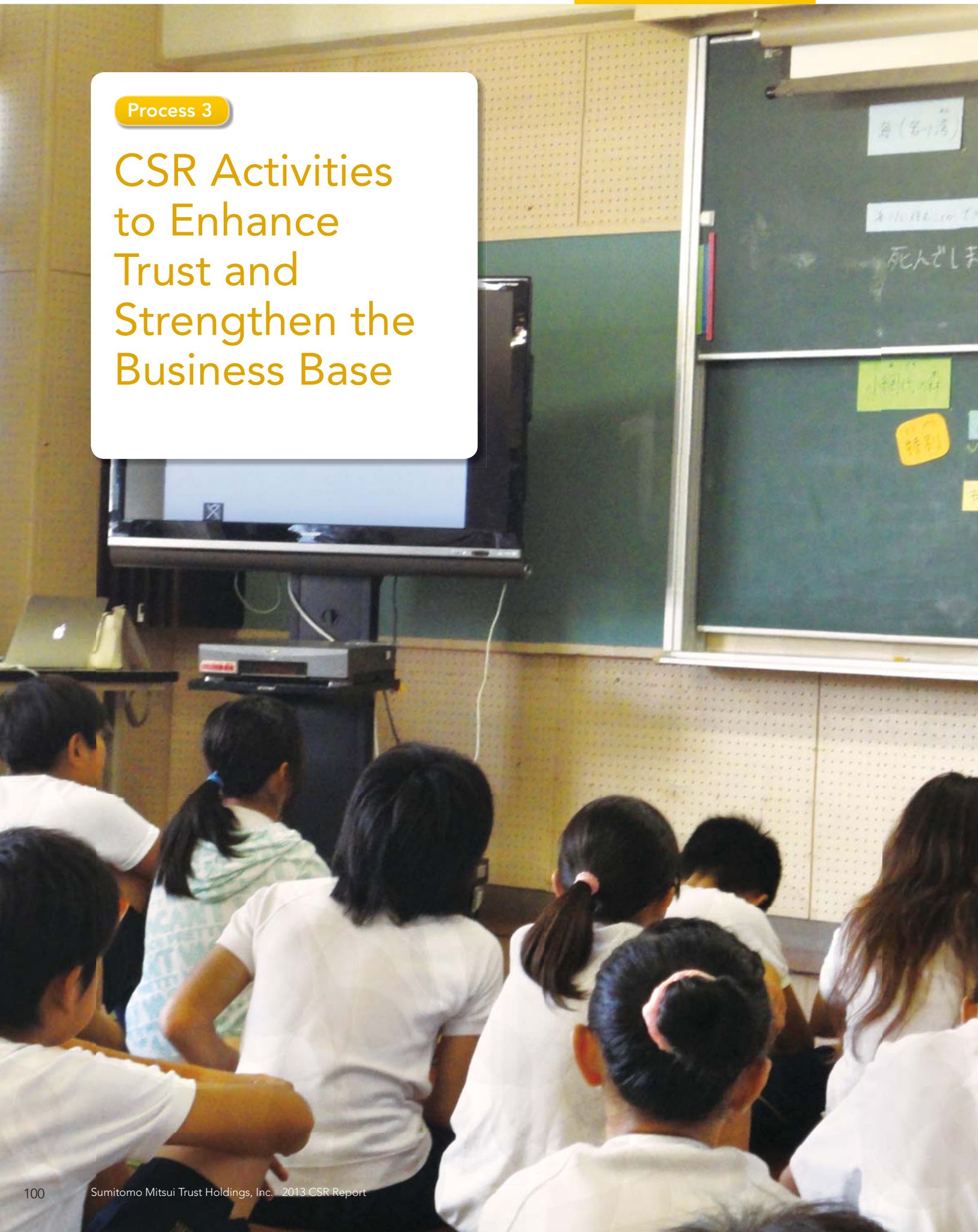
SMTB offers a full lineup of products befitting a trust bank, such as “wrap accounts” in which we propose investment plans and secure discretionary investment management contracts signed by clients that enable us to buy, sell, manage, and make other decisions on their

behalf. In addition, managers in investment management consulting have been nominated at all branches in order to thoroughly implement a sales model that enables us to propose portfolios tailored to client requests. These patient efforts allowed us to achieve our high ranking in the survey. We will continue to leverage our extensive expertise and comprehensive capabilities as we strive to provide fine-tuned services.

* The retail banking survey is jointly conducted by Nikkei Inc. and Nikkei Research Inc. It compares over-the-counter services and financial instruments at 117 banks in Japan.

Process 3

CSR Activities to Enhance Trust and Strengthen the Business Base



Creating Shared Value

Corporations contribute to society along various themes. The Group has been stepping up its activities especially in the following three areas: (1) support for the environment and living creatures, (2) support for "successful aging," and (3) contributions to local communities and society. Although some social values pursued in these activities may not be directly connected to the Group's business, we believe that continuing these activities will enhance the trust our clients and local communities place in us and consequently strengthen the Group's business base.



Activities across Japan

Sumitomo Mitsui Trust Bank promotes social contribution activities rooted in local communities, known as “With You” activities, primarily through its local business offices located across Japan.



Koshinetsu, Hokuriku ●



Participation in 2013 NIIGATA Office Art Street

Contributions to local communities and society



During this established event held annually, artworks decorate the city streets to bring the experience of Niigata's history and culture to a wide audience. Works by artists are displayed in the show window of the Niigata Branch and Niigata-Chuo Branch each year.

Tokai ●



Carrying Out Spring Traffic Safety Support Campaign

Contributions to local communities and society



Eight business departments and branches in Aichi Prefecture carried out a “Spring Traffic Safety Support Campaign” in concert with Japan's National Spring Traffic Safety Campaign. During the campaign, in collaboration with local police departments, employees took to the streets to promote traffic safety and prevent drinking and driving in an effort to contribute to safety in communities.

Kinki ●



Participation in Uribo Farm Project

Contributions to local communities and society



With the goal of fostering deeper understanding between people living in the Tanba-Sasayama area and foreign residents, about 50 people including employees of the Kobe Branch and Kobe-Sannomiya Branch, foreign residents, and local high school students got together to raise and harvest Tanba black beans and to deepen exchanges.

Sanyo, Sanin ●



Pink Ribbon Campaign

Support for “successful aging”



The Okayama Branch and Okayama-Chuo Branch participated jointly in the Okayama Cancer Symposium in order to raise public awareness of the importance of early detection, diagnosis, and treatment of breast cancer. The panel exhibits displayed in the branch lobbies helped to deepen people's understanding of breast cancer.

Kyushu ●

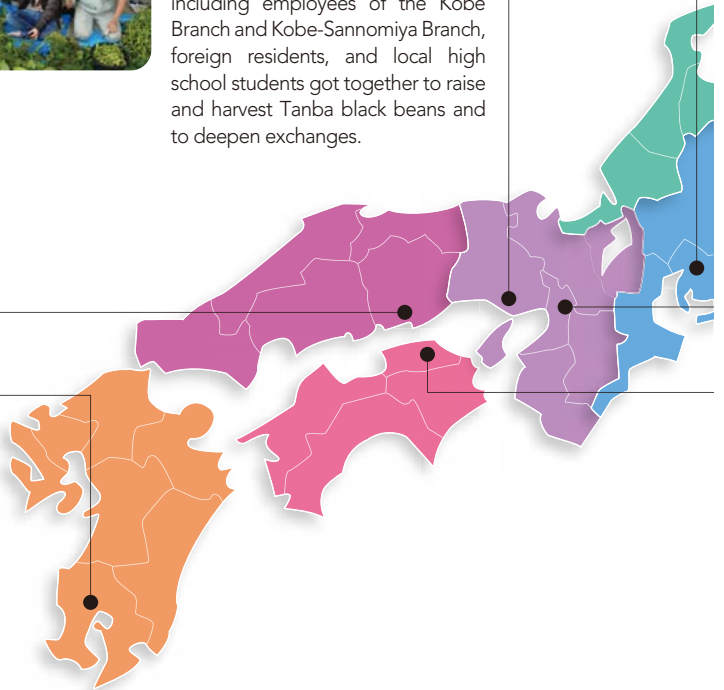


Participation in Protection Activities for Amami Rabbit

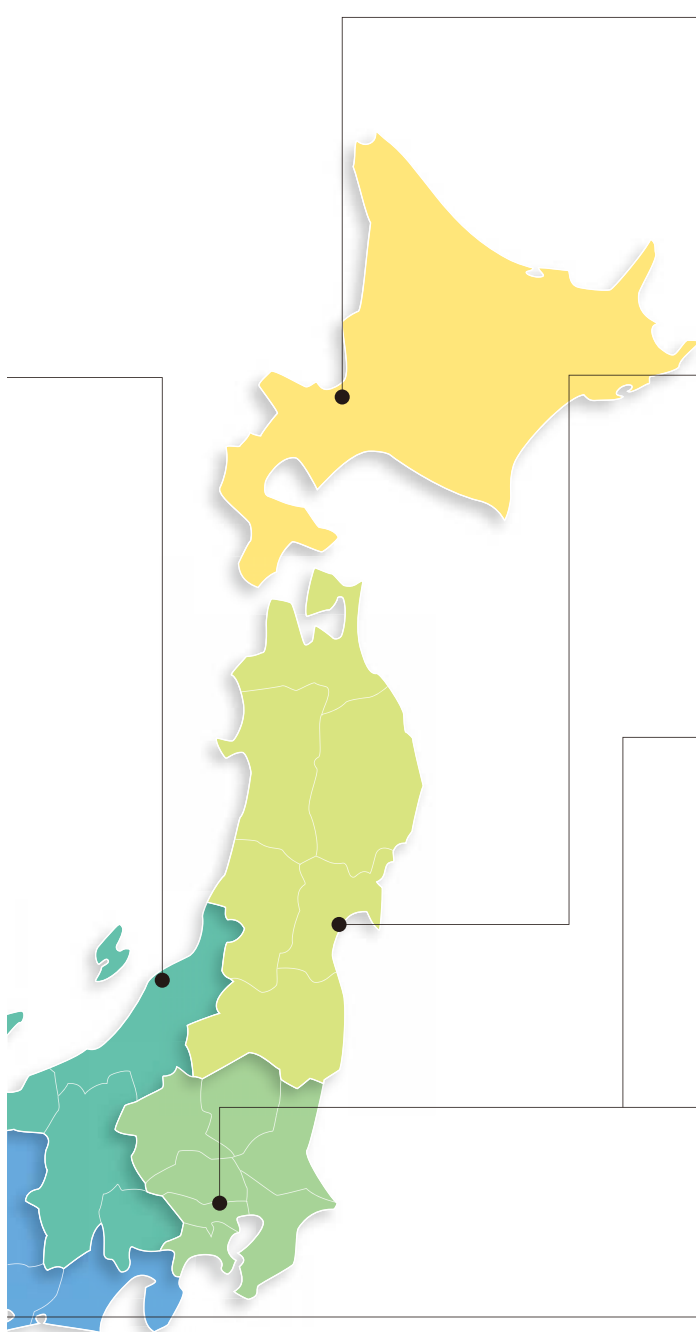
Support for the environment and living creatures



The Kagoshima Branch participated in the Amaminokurousagi (Amami Rabbit) Trust Campaign to protect the natural environment of Amami Oshima, which is the habitat of the Amami rabbit, a designated Special Natural Monument. The Kagoshima Branch donated funds to purchase 8,066 m² of forest, which has been named “Sumitomo Mitsui Trust Bank Forest.”



WithYou



● Hokkaido



Conservation and Restoration Activities for Japan's Northernmost Beech Forest

Support for the environment and living creatures



The "Conservation and Restoration Tour of Japan's Northernmost Beech Forest" was planned jointly by the Sapporo Branch and Sapporo-Chuo Branch in order to protect the primeval beech forest that grows naturally in Kuromatsunai. A total of 35 employees from both branches participated in the tour and planted beech saplings.

● Tohoku



Participation in Forest Breakwater Project: Putting Debris to Use

Support for the environment and living creatures



This project involves a plan to plant broadleaf seedlings along 300 km of the Sanriku coastline to create a forest based on the land's original vegetation. A total of 160 Group employees and family members took part in tree planting activities carried out in Iwanuma City, Miyagi Prefecture, and planted various types of seedlings.

● Kanto



Silver College Courses

Support for "successful aging"



In order to help customers enjoy fulfilling, safe, and secure retirement years, the Shiba Business Department, Kichijoji Branch and Kichijoji-Chuo Branch organized seminars taught by leading experts in various fields for our Silver College members. These seminars were very well received.

● Kanto



Building Sign Gets Bold Makeover

Contributions to local communities and society



The Nakano Branch made big changes to the sign displayed on the front of the building, with a design reflecting the image of Nakano as "Music Town." The makeover has been a big hit with customers and neighbors, and was even featured on the Nakano City tourism website "marutto nakano."

● Shikoku



Clean-up Campaign for Sunport Takamatsu and Chuo Street

Contributions to local communities and society



The Takamatsu Branch participates in the Clean-up Campaign for Sunport Takamatsu and Chuo Street every month. This campaign is part of beautification activities that have been carried out by Takamatsu City for 34 years. All branch employees take turns participating, with a representative chosen each time.

● Kinki



Panel Exhibition for "The Healthy Centenarian's Encyclopedia"

Support for "successful aging"



Sumitomo Mitsui Trust Bank is distributing "The Healthy Centenarian's Encyclopedia—Data Book," a booklet created by the International Longevity Center Japan (ILC-Japan) about the environment surrounding Japan's elderly. A panel exhibition introducing sections of the booklet was set up in the Namba-Chuo Branch in order to make the publication more widely known among customers.

Initiatives to Promote “With You” Activities

What are “With You” activities?

In order to contribute to local communities and to build strong relationships of trust with community members, Sumitomo Mitsui Trust Bank engages in social contribution activities rooted in local communities, which are known as “With You” activities.

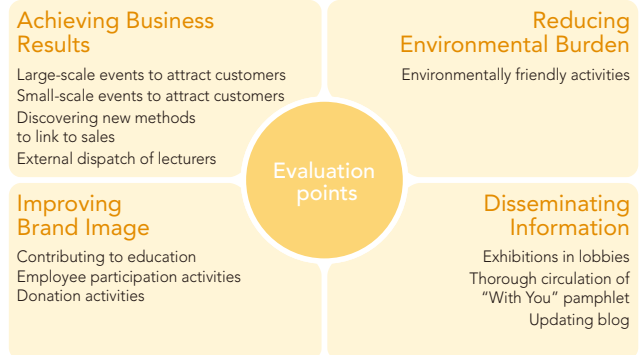
“With You” activities are promoted with a focus on the following three areas: (1) support for the environment and living creatures, (2) support for “successful aging,” and (3) contributions to local communities and society.

With a view to promoting these activities systematically, Sumitomo Mitsui Trust Bank introduced a point system in fiscal year 2012 as a guideline that establishes standards for these activities, dividing activities into categories and measuring their degree of difficulty and effectiveness.

Furthermore, branches that have generated outstanding results overall from “With You” activities in terms of the process and outcome of developing them into sales activ-

ities, customer evaluation, continuity, and ingenuity, etc. are recognized through the “With You Excellence Award” and “With You Special Award.” We are actively developing “With You” activities by sharing these award-winning initiatives at branches nationwide.

Goals of “With You” Activities



“With You” Excellence Award for First Half of Fiscal Year 2013

Meieki-Minami Branch

Implementation of “Spring Traffic Safety Support Campaign”

The Meieki-Minami Branch played a lead role in the “Spring Traffic Safety Support Campaign” carried out at eight business departments and branches in Aichi Prefecture from April 1-30.

Aichi Prefecture has had the highest number of deaths from traffic accidents of all prefectures in Japan every year from 2005 to 2012, with the exception of 2010. Therefore, the Meieki-Minami Branch has cooperated with Aichi Prefectural Police to conduct a campaign for the purpose of promoting traffic safety initiatives and donating to the Foundation for Orphans from Automobile Accident.

As a specific measure to improve traffic safety, our campaign presented a gift certificate (gas card) to customers who deposited one million yen or more in Sumitomo Mitsui Trust Bank products and submitted a “Traffic Safety Declaration” with their commitment to keep their safety in mind. In addition, activities to promote traffic safety initiatives in the prefecture were carried out in partnership with Aichi Prefectur-

al Police.

As a result of the campaign, we achieved a total of 698 deposits amounting to 3.1 billion yen at eight business departments and branches, and made a donation of 69,800 yen to the Scholarship Foundation for Traffic Accident Orphans.

Through this campaign, the Meieki-Minami Branch developed a new method of sparking customer needs by combining social contribution activities with a sales promotion campaign, and linked this to an expanded customer base. In recognition of this, in addition to the continuity with which the branch pursues “With You” activities, Meieki-Minami was selected for the “With You” Excellence Award.



Handing out flyers (in front of the branch)



In front of Nagoya Station Police Box



In front of Nagoya Station Police Box

Organization of "Silver College Summer Course"

The Shiba Business Department was ahead of other branches and departments in organizing a "Silver College," where lecturers are invited to speak on a wide range of educational topics such as culture, history, and health. The goal of the "Silver College" is to increase transactions with wealthy customers, and a series of six seminars were held in fiscal year 2012, focusing on topics of particular interest to seniors and the wealthy.

The Silver College held in fiscal year 2012 received such good feedback from those who attended that a "Silver College Summer Course" educational seminar was held in fiscal year 2013, with new participants in addition to those who took part in 2012.

With the series of seminars held in fiscal years 2012

and 2013, we saw business results on a variety of fronts, including transactions with new customers as well as investment trusts (including wrap accounts), testamentary trusts, and housing loans.

Building on the success of the fiscal year 2012 Silver College, the Shiba Business Department continued to implement creative projects as part of its business strategy. In recognition of this point, in addition to the significant business results linked to the ongoing Silver College, the department was selected for the fiscal year 2013 "With You" Excellence Award. The Shiba Business Department intends to organize Silver College regularly in the future.

Overview of Educational Seminars

Date held	Course title	Lecturer
Session 1 July 31, 2013	Walking Paths in Shiba (Part 2)	Kazumi Kiyota (Director, NPO Edomae 21)
Session 2 August 29, 2013	Is Your Diet Nutritionally Balanced?—You're not getting enough protein	Hiroshi Shibata (Professor, Graduate School of University of Human Arts and Sciences)



Scene from Summer Course



Flyer for Silver College Summer Course

Branch Blog With You Website URL: <http://branchblog.smtb.jp/>

Sumitomo Mitsui Trust Bank launched the "Branch Blog With You" site with the goal of interacting more closely with local people by publishing information unique to each community in real time and by allowing our branch employees to express in their own words their thoughts

about contributing to the local community. In addition to regularly introducing "With You" activities at branches around the country, the blog provides information about seminars and panel exhibitions being held, and is used proactively as a means of communication with customers.



Other “With You” Activities

Education for Sustainable Development

In order to form a sustainable society, it is vital to factor an environmental perspective into economic and social considerations, and to strive to raise public awareness and create a society where people and nature can coexist. In the field of education, learning opportunities that are reshaping our society and how we live are known as Education for Sustainable Development (ESD). Sumitomo



Interview with an expert (Yuji Kishi, Professor Emeritus, Keio University)



A water catchment ecosystem stretches across the Koajiro Forest in Miura City, Kanagawa Prefecture



The red-clawed crab, a forest inhabitant

A class in school utilizing ICT (Miura City Kouyou Elementary School)



Mitsui Trust Bank engages in ongoing efforts at elementary schools using ICT (Information and Communication Technology) such as television video to teach the children, who are the bearers of the next generation about activities of the National Trust in their vicinity.

Amaminokurousagi (Amami Rabbit) Trust Campaign

Amami Oshima, an island to be registered on the World Heritage list of natural heritage, has a forest that is home to many rare living creatures such as the Amami rabbit, a designated Special Natural Monument, and the Lidth's jay.

To protect this forest, one of Japan's most bountiful, from wanton development, the Association of National Trusts in Japan has called upon individuals and corporations in a nationwide campaign to raise funds to purchase about 100 hectares of the forest. Sumitomo Mitsui Trust Bank's Kagoshima Branch participated in this campaign, and helped to purchase the land.



Tools to Introduce “With You” Activities

Social Contribution Activities Report “With You”

Sumitomo Mitsui Trust Bank engages in social contribution activities that are rooted in local communities, primarily through its local business offices located across Japan, in order to build a strong relationship of trust with community members. In its social contribution activities report “With You,” Sumitomo Mitsui Trust Bank introduces such “With You” activities being carried out at each branch.

Website URL: <http://smth.jp/csr/report/>



Green TV

Green TV Japan has more than 1,000 videos available for viewing free of charge, including a large selection of overseas videos as well as videos produced independently in Japan.

Sumitomo Mitsui Trust Bank has supported Green TV Japan as a media sponsor since it was first established in 2007. We have collaborated on various projects including producing environment-related video content and promoting ESD.

Website URL: <http://www.japangreen.tv/>



Accession to International Guidelines for Corporate Conduct, etc., and Related Activities

The Group has signed on to various international guidelines and principles involving corporate conduct. It has actively involved itself in the formulation of international standards in cooperation with international organizations, foreign companies, and NGOs, while it implements such activities.

Accession to the United Nations Environment Programme Finance Initiative (UNEP FI)



The UNEP FI is an international network that encourages financial institutions to take action to preserve the environment and to make development sustainable. The Group has proactively supported UNEP FI ever since it became the first Japanese trust bank to sign on to it in October 2003.

Participation in the UNEP FI Property Working Group (UNEP FI PWG)

The UNEP FI PWG is one of the working groups formed by signatory institutions of the UNEP FI to promote property finance that facilitates sustainable development, namely Responsible Property Investment (RPI). In addition to joining the working group in June 2007, the Group became a member of the media team that promotes RPI and conducts activities as one of its leading members.

Signing of a Leadership Declaration under the Business and Biodiversity Initiative "Biodiversity in Good Company"



At the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity held in May 2008 in Bonn, Germany, the Group, together with 33 other companies from around the world, signed a leadership declaration under the Business and Biodiversity Initiative "Biodiversity in Good Company," which was led by the German government. Since that time, we have been playing a role as a leading company in this field and making proactive efforts to address this issue.

Signing the United Nations Global Compact (UN Global Compact)



The UN Global Compact, proposed by former UN Secretary-General Kofi Annan, is a code of conduct regarding human rights, labor, the environment, and anti-corruption. Signatory companies are called on to take measures to implement the compact. In July 2005, the Group signed the compact, becoming the first Japanese bank to do so, and declared its resolve to act as a good corporate citizen by complying with and promoting the code of conduct. The Group also became a member of the Global Compact Japan Network (GC-JN), in which signatory companies of the UN Global Compact participate.

The Natural Capital Declaration



Sumitomo Mitsui Trust Holdings became a signatory to the Natural Capital Declaration proposed by the United Nations Environment Programme Finance Initiative (UNEP FI) at the United Nations Conference on Sustainable Development "Rio+20" held in Rio de Janeiro in June 2012. Sumitomo Mitsui Trust Holdings is the only financial institution in Japan to have signed the declaration.

Accession to the Principles for Responsible Investment



The Group companies became a signatory of the Principles for Responsible Investment, which were jointly established by the U.N. Global Compact and the UNEP FI. These principles require institutional investors and fund management institutions to give consideration to ESG (Environmental, Social, and Governance) factors when making investment decisions.

Membership in Business for Social Responsibility (BSR)



BSR, based in the United States, is an organization that promotes CSR, and it is engaged in the development of sustainable business strategies through collaboration with more than 250 member companies all over the world. In January 2010, the Group became a member of BSR and is receiving various forms of support in promoting CSR that is specific to its business, such as the provision of research information on China Stock SRI funds and the dispatch of lecturers to training programs for managers.

Formulation and Practice of "Principles for Financial Action towards a Sustainable Society" (Principles for Financial Action in the 21st Century)

The Group has been actively involved in the formulation of the Principles for Financial Action in the 21st Century. These principles aim at concrete action toward creating a sustainable society jointly taken by Japan's major financial institutions. As the current chair of the steering committee, we are pressing ahead with efforts to coordinate the signatories and to ensure the widespread adoption of these principles.



GRI Content Index

Global Reporting Initiative (GRI)

Established in 1997 as a joint project between the Coalition for Environmentally Responsible Economics (CERES), a nonprofit organization in the United States, and the United Nations Environment Programme (UNEP), the GRI aims to improve the contents of sustainability reports to the level of financial reports while attaining the basic conditions of comparability, credibility, accuracy, appropriateness of timing, and verifiability of the information included in the sustainability reports. The initial guidelines were issued in 2000, revised in fiscal year 2002, and further revised in fiscal year 2006 based on the 2002 revisions, and fourth generation guidelines were released in fiscal year 2013.

● = Required General Standard Disclosures for both 'in accordance' criteria options

* Global Compact

Indicator	Core Indicators	Page No.	GC*
GENERAL STANDARD DISCLOSURES			
Strategy and Analysis			
4.1 ●	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	P.4,5	
4.2	Provide a description of key impacts, risks, and opportunities.	P.6,12,13,68,69,81-86,100,101	
Organizational Profile			
4.3 ●	Report the name of the organization.	P.117	
4.4 ●	Report the primary brands, products, and services.	P.14-67	
4.5 ●	Report the location of the organization's headquarters.	P.117	
4.6 ●	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	P.116	
4.7 ●	Report the nature of ownership and legal form.	P.116	
4.8 ●	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	P.10,11,116-117	
4.9 ●	Report the scale of the organization, including: <ul style="list-style-type: none"> • Total number of employees • Total number of operations • Net sales (for private sector organizations) or net revenues (for public sector organizations) • Total capitalization broken down in terms of debt and equity (for private sector organizations) • Quantity of products or services provided 	P.91,115-116	
4.10 ●	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	P.91-92	
4.11 ●	Report the percentage of total employees covered by collective bargaining agreements.	—	
4.12 ●	Describe the organization's supply chain.	P.8	
4.13 ●	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: <ul style="list-style-type: none"> • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination 	P.96	
Commitments to External Initiatives			
4.14 ●	Report whether and how the precautionary approach or principle is addressed by the organization.	P.82-85,93-96	Rule 7
4.15 ●	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	P.25,33,39,46,51,52,56,57,67,77,96,107	

Indicator	Core Indicators	Page No.	GC*
4.16	<ul style="list-style-type: none"> List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic <p>This refers primarily to memberships maintained at the organizational level.</p>	P.107	
Identified Material Aspects and Boundaries			
4.17	<ul style="list-style-type: none"> a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. 	P.8-9	
4.18	<ul style="list-style-type: none"> a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content. 		
4.19	<ul style="list-style-type: none"> List all the material Aspects identified in the process for defining report content. 		
4.20	<ul style="list-style-type: none"> For each material Aspect, report the Aspect Boundary within the organization, as follows: <ul style="list-style-type: none"> • Report whether the Aspect is material within the organization • If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: <ul style="list-style-type: none"> – The list of entities or groups of entities included in G4-17 for which the Aspect is not material or – The list of entities or groups of entities included in G4-17 for which the Aspects is material • Report any specific limitation regarding the Aspect Boundary within the organization 		
4.21	<ul style="list-style-type: none"> For each material Aspect, report the Aspect Boundary outside the organization, as follows: <ul style="list-style-type: none"> • Report whether the Aspect is material outside of the organization • If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified • Report any specific limitation regarding the Aspect Boundary outside the organization 		
4.22	<ul style="list-style-type: none"> Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements. 		
4.23	<ul style="list-style-type: none"> Report significant changes from previous reporting periods in the Scope and Aspect Boundaries. 		
Stakeholder Engagement			
4.24	<ul style="list-style-type: none"> Provide a list of stakeholder groups engaged by the organization. 	P.9,97-99, 102-106	
4.25	<ul style="list-style-type: none"> Report the basis for identification and selection of stakeholders with whom to engage. 		
4.26	<ul style="list-style-type: none"> Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process. 		
4.27	<ul style="list-style-type: none"> Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns. 		
Report Profile			
4.28	<ul style="list-style-type: none"> Reporting period (such as fiscal or calendar year) for information provided. 	P.2,117	
4.29	<ul style="list-style-type: none"> Date of most recent previous report (if any). 		
4.30	<ul style="list-style-type: none"> Reporting cycle (such as annual, biennial). 		
4.31	<ul style="list-style-type: none"> Provide the contact point for questions regarding the report or its contents. 		
GRI Content Index			
4.32	<ul style="list-style-type: none"> a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines. 	P.108-114	
Assurance			
4.33	<ul style="list-style-type: none"> a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report. 	—	

Indicator	Core Indicators	Page No.	GC*
Governance			
Governance Structure and Composition			
4.34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental, and social impacts.	P.70-77,86	
4.35	Report the process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.		
4.36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics, and whether post holders report directly to the highest governance body.		
4.37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.		
4.38	Report the composition of the highest governance body and its committees by: <ul style="list-style-type: none"> • Executive or non-executive • Independence • Tenure on the governance body • Number of each individual's other significant positions and commitments, and the nature of the commitments • Gender • Membership of under-represented social groups • Competences relating to economic, environmental, and social impacts • Stakeholder representation 		
4.39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).		
4.40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: <ul style="list-style-type: none"> • Whether and how diversity is considered • Whether and how independence is considered • Whether and how expertise and experience relating to economic, environmental, and social topics are considered • Whether and how stakeholders (including shareholders) are involved 		
4.41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: <ul style="list-style-type: none"> • Cross-board membership • Cross-shareholding with suppliers and other stakeholders • Existence of controlling shareholder • Related party disclosures 		
Highest Governance Body's Role in Setting Purpose, Values, and Strategy			
4.42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social impacts.	P.70-77,86	
Highest Governance Body's Competencies and Performance Evaluation			
4.43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.	P.70-77,86	
4.44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including, as a minimum, changes in membership and organizational practice.		
Highest Governance Body's Role in Risk Management			
4.45	a. Report the highest governance body's role in the identification and management of economic, environmental, and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social impacts, risks, and opportunities.	P.81-86,87-89	
4.46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.		
4.47	Report the frequency of the highest governance body's review of economic, environmental, and social impacts, risks, and opportunities.		
Highest Governance Body's Role in Sustainability Reporting			
4.48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	P.8-9,70-77	

Indicator	Core Indicators	Page No.	GC*
Highest Governance Body's Role in Evaluating Economic, Environmental, and Social Performance			
4.49	Report the process for communicating critical concerns to the highest governance body.	P.70-77	
4.50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.		
Remuneration and Incentives			
4.51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: <ul style="list-style-type: none">• Fixed pay and variable pay: (Performance-based pay, Equity-based pay, Bonuses, Deferred or vested shares)• Sign-on bonuses or recruitment incentive payments• Termination payments• Clawbacks• Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental, and social objectives.	P.75	
4.52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.		
4.53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.		
4.54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.		
4.55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.		
Ethics and Integrity			
4.56	● Describe the organization's values, principles, standards, and norms of behavior such as codes of conduct and codes of ethics.	Cover2,P.1,78-79	
4.57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.		
4.58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.		

SPECIFIC STANDARD DISCLOSURES

Generic Disclosures on Management Approach			
4-DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	P.8-9	
Category: Economic			
Aspect: Economic Performance			
EC1	Direct economic value generated and distributed	P.115	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	—	
EC3	Coverage of the organization's defined benefit plan obligations	—	
EC4	Financial assistance received from government	—	
Aspect: Market Presence			
EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	—	
EC6	Proportion of senior management hired from the local community at significant locations of operation	—	
Aspect: Indirect Economic Impacts			
EC7	Development and impact of infrastructure investments and services supported	P.14-33	
EC8	Significant indirect economic impacts, including the extent of impacts	—	
Aspect: Procurement Practices			
EC9	Proportion of spending on local suppliers at significant locations of operation	—	

Indicator		Core Indicators	Page No.	GC*
Category: Environmental				
Aspect: Materials				
EN1	Materials used by weight or volume		—	
EN2	Percentage of materials used that are recycled input materials		—	
Aspect: Energy				
EN3	Energy consumption within the organization		P.93-96	
EN4	Energy consumption outside of the organization		P.93-96	
EN5	Energy intensity		P.93-96	
EN6	Reduction of energy consumption		P.93-96	
EN7	Reductions in energy requirements of products and services		—	
Aspect: Water				
EN8	Total water withdrawal by source		—	
EN9	Water sources significantly affected by withdrawal of water		—	
EN10	Percentage and total volume of water recycled and reused		—	
Aspect: Biodiversity				
EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		N.A.	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		N.A.	
EN13	Habitats protected or restored		N.A.	
EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		—	
Aspect: Emissions				
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)		P.93-96	
EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)		P.93-96	
EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)		P.93-96	
EN18	Greenhouse gas (GHG) emissions intensity		P.93-96	
EN19	Reduction of greenhouse gas (GHG) emissions		P.93-96	
EN20	Emissions of ozone-depleting substances (ODS)		—	
EN21	NO _x , SO _x , and other significant air emissions		—	
Aspect: Effluents and Waste				
EN22	Total water discharge by quality and destination		—	
EN23	Total weight of waste by type and disposal method		P.93-96	
EN24	Total number and volume of significant spills		—	
EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention (2) Annex I, II, III, and VIII, and percentage of transported waste shipped internationally		P.93-96	
EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff		—	
Aspect: Products and Services				
EN27	Extent of impact mitigation of environmental impacts of products and services		P.14-33,58-66	Rule 8,9
EN28	Percentage of products sold and their packaging materials that are reclaimed by category		—	
Aspect: Compliance				
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		—	
Aspect: Transport				
EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce		P.93-96	Rule 8
Aspect: Overall				
EN31	Total environmental protection expenditures and investments by type		—	
Aspect: Supplier Environmental Assessment				
EN32	Percentage of new suppliers that were screened using environmental criteria		—	
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken		—	
Aspect: Environmental Grievance Mechanisms				
EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms		—	

Indicator		Core Indicators	Page No.	GC*
Category: Social				
Sub-category: Labor Practices and Decent Work				
Aspect: Employment				
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region		P.91-92	
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation		—	
LA3	Return to work and retention rates after parental leave, by gender		P.90	
Aspect: Labor/Management Relations				
LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements		—	
Aspect: Occupational Health and Safety				
LA5	Percentage of total workforce represented in formal joint management—worker health and safety committees that help monitor and advise on occupational health and safety programs		—	
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender		P.91	
LA7	Workers with high incidence or high risk of diseases related to their occupation		—	
LA8	Health and safety topics covered in formal agreements with trade unions		—	
Aspect: Training and Education				
LA9	Average hours of training per year per employee by gender, and by employee category		P.89,92	
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		P.92	
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category		P.92	
Aspect: Diversity and Equal Opportunity				
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity		P.70-77, 90-92	
Aspect: Equal Remuneration for Women and Men				
LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation		—	
Aspect: Supplier Assessment for Labor Practices				
LA14	Percentage of new suppliers that were screened using labor practices criteria		—	
LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken		—	
Aspect: Labor Practices Grievance Mechanisms				
LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms		P.90	
Sub-category: Human Rights				
Aspect: Investment				
HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		—	
HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		P.87-89	Rule 1,2
Aspect: Non-discrimination				
HR3	Total number of incidents of discrimination and corrective actions taken		—	
Aspect: Freedom of Association and Collective Bargaining				
HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights		—	
Aspect: Child Labor				
HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor		N.A.	
Aspect: Forced or Compulsory Labor				
HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor		N.A.	
Aspect: Security Practices				
HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations		—	
Aspect: Indigenous Rights				
HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken		N.A.	

Indicator		Core Indicators	Page No.	GC*
Aspect: Assessment				
HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments		P.87-89	
Aspect: Supplier Human Rights Assessment				
HR10	Percentage of new suppliers that were screened using human rights criteria		—	
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken		—	
Aspect: Human Rights Grievance Mechanisms				
HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms		—	
Sub-category: Society				
Aspect: Local Communities				
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs		—	
SO2	Operations with significant actual and potential negative impacts on local communities		—	
Aspect: Anti-corruption				
SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified		—	
SO4	Communication and training on anti-corruption policies and procedures		P.78-80	Rule 10
SO5	Confirmed incidents of corruption and actions taken		P.80	
Aspect: Public Policy				
SO6	Total value of political contributions by country and recipient/beneficiary		—	
Aspect: Anti-competitive Behavior				
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes		—	
Aspect: Compliance				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		—	
Aspect: Supplier Assessment for Impacts on Society				
SO9	Percentage of new suppliers that were screened using criteria for impacts on society		—	
SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken		P.96	
Aspect: Grievance Mechanisms for Impacts on Society				
SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms		—	
Sub-category: Product Responsibility				
Aspect: Customer Health and Safety				
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement		N.A.	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes		N.A.	
Aspect: Product and Service Labeling				
PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements		N.A.	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		N.A.	
PR5	Results of surveys measuring customer satisfaction		P.99	
Aspect: Marketing Communications				
PR6	Sale of banned or disputed products		N.A.	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes		—	
Aspect: Customer Privacy				
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		—	
Aspect: Compliance				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		—	

Financial Highlights

In the consolidated financial results for fiscal year 2012, net business profit before credit costs decreased by ¥57.5 billion year on year to ¥284.6 billion, due to the disappearance of the positive effects from consolidated accounting treatment resulting from the management integration in addition to a decrease in market-related profit.

Net income (excluding a gain on amortization of negative goodwill caused by the share exchange in fiscal year 2011) increased by ¥12.5 billion year on year to ¥133.7 billion, due to such factors as improvements in total credit costs and net gains on stocks.

Regarding our year-end dividend, we paid ¥4.75 per common share according to our policy targeting approximately 30% as a consolidated dividend payout ratio. The annual dividend for the fiscal year was ¥9.00 per common share, which is ¥0.50 higher than the previous fiscal year, including the ¥4.25 interim dividend per share we paid last December.

• Overview of the Financial Results in FY2012

<Consolidated> Sumitomo Mitsui Trust Holdings (Consolidated)

Billions of Yen (Unless specified otherwise)

	FY2012 (A)	FY2011 (B)	Change (A)–(B)	Rate of change
Net Business Profit before Credit Costs	284.6	342.2	(57.5)	(16.8%)
Ordinary Profit	255.0	272.1	(17.0)	(6.3%)
Net Income (excluding amortization of negative goodwill related to share exchange)	133.7	121.2	12.5	10.3%
<Net Income>	<133.7>	<164.6>	<(30.8)>	<(18.8%)>
Return on Equity ⁽¹⁾	7.48%	9.58%	(2.10%)	—
Net Income per Common Share (Yen) ⁽¹⁾	31.27	38.54	(7.27)	(18.9%)
Total Credit Costs	6.1	(8.9)	15.0	168.8%

(1) For FY2011, net income is calculated to include gains on amortization of negative goodwill caused by the share exchange.

<Non-consolidated> Sumitomo Mitsui Trust Bank (Non-consolidated)

Billions of Yen (Unless specified otherwise)

	FY2012 (A)	FY2011 (B) ⁽²⁾	Change (A)–(B)	Rate of change
Net Business Profit before Credit Costs	210.2	239.0	(28.7)	(12.0%)
Net Interest Income and Related Profit	207.2	228.3	(21.0)	(9.2%)
Net Fees and Commissions and Related Profit	167.6	164.9	2.7	1.6%
Net Trading Profit	24.1	12.5	11.5	92.2%
Net Other Operating Profit	50.6	81.8	(31.2)	(38.1%)
General and Administrative Expenses	(239.4)	(248.6)	9.2	3.7%
Net Non-recurring Profit, etc.	(19.6)	(80.8)	61.2	75.7%
Ordinary Profit	190.6	158.1	32.4	20.5%
Extraordinary Profit	(31.6)	(44.5)	12.9	29.0%
Net Income	105.1	56.4	48.7	86.5%
Total Credit Costs	5.3	1.1	4.2	378.7%

(2) Non-consolidated figures for the previous fiscal year: Unadjusted total of the results of the Former Chuo Mitsui Trust and Banking (non-consolidated), Former Chuo Mitsui Asset Trust and Banking (non-consolidated) and the Former Sumitomo Trust and Banking (non-consolidated)

(Note) Amounts less than ¥100 million are rounded down.

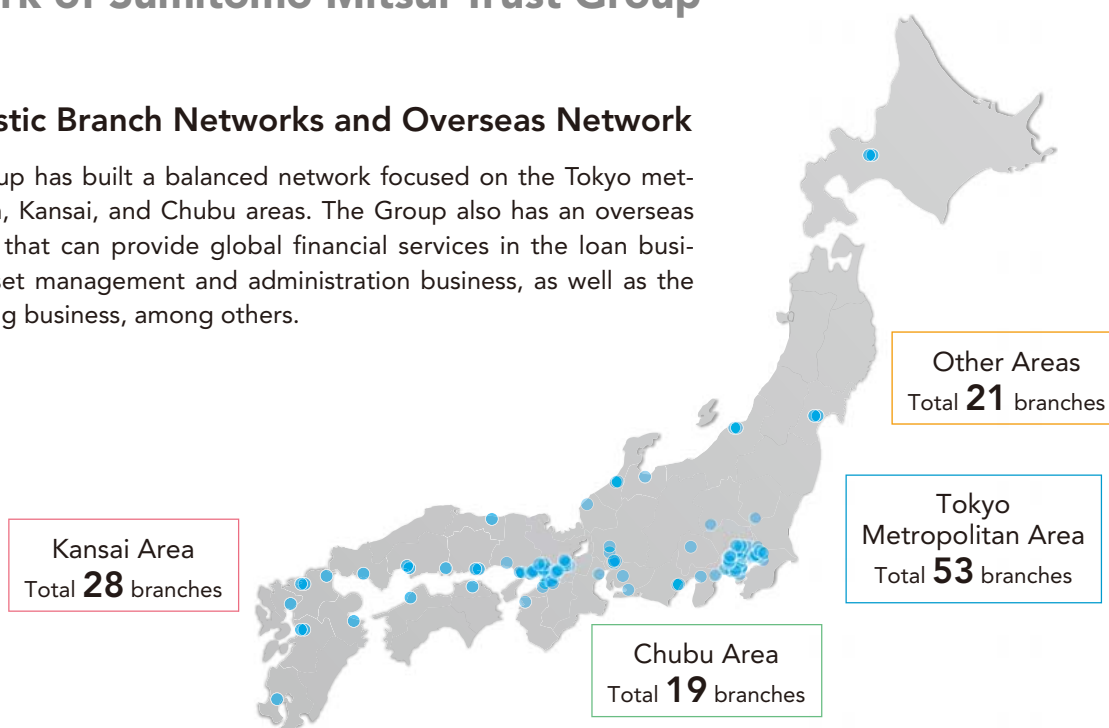
<Dividends>

	FY2012 (A)	FY2011 (B)	Change (A)–(B)
Dividend per Share on Common Share (Yen)	9.00	8.50	0.50

Network of Sumitomo Mitsui Trust Group

Domestic Branch Networks and Overseas Network

The Group has built a balanced network focused on the Tokyo metropolitan, Kansai, and Chubu areas. The Group also has an overseas network that can provide global financial services in the loan business, asset management and administration business, as well as the consulting business, among others.



Domestic Branch Network (as of February 28, 2014)

	Branches	Consulting Plaza and Consulting Offices
Tokyo Metropolitan Area	53 (43.8%)	25
Kansai Area	28 (23.1%)	8
Chubu Area	19 (15.7%)	1
Other Areas	21 (17.4%)	0
Total	121 (100.0%)	34

Balanced domestic branch network, focused on the Tokyo metropolitan, Kansai, and Chubu areas

Overseas Network (as of November 30, 2013)

[U.S.]

- New York Branch
- Sumitomo Mitsui Trust Bank (U.S.A.) Limited (Asset administration business)

[Europe]

- London Branch
- Sumitomo Mitsui Trust International Limited (Global fiduciary sales business)
- Sumitomo Mitsui Trust Bank (Luxembourg) S.A. (Asset administration business)
- Sumitomo Mitsui Trust (Ireland) Limited (Fund administration business)
- Sumitomo Mitsui Trust (UK) Limited (Asset administration business)

[Asia]

- Singapore Branch
- Shanghai Branch
- Hong Kong Branch
- Beijing Representative Office
- Beijing Representative Office (Securities business)
- Zijin Trust Co., Ltd. (Trust business, finance business)
- Sumitomo Mitsui Trust (Hong Kong) Limited (Asset management business, finance business)
- Jakarta Representative Office
- Seoul Representative Office
- Bangkok Representative Office

An overseas network that can provide global financial services

Basic Information of Sumitomo Mitsui Trust Group

Corporate Information (as of September 30, 2013)

Registered Trade Name:	Sumitomo Mitsui Trust Holdings, Inc.
Headquarters Location:	1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan
Date of Establishment:	February 1, 2002 (Change of trade name: April 1, 2011)
Main Business:	<p>With trust banking at its core, Sumitomo Mitsui Trust Holdings, Inc., will focus on the management of business operations, as the holding company of Sumitomo Mitsui Trust Group, and sets the following (1) - (6) as its key functions:</p> <ul style="list-style-type: none"> (1) Formulating group management strategy (2) Monitoring administration of business activities (3) Allocation of management resources (4) Supervising risk management (5) Supervising compliance management (6) Managing internal auditing
Capital:	261,608,725,000 Yen
Stock Exchange Listings:	Tokyo, Nagoya Stock Exchanges Tokyo (Primary), Nagoya (Primary)
Securities Code:	8309

Basic Information of Sumitomo Mitsui Trust Group

Rating Information (as of December 31, 2013)

Sumitomo Mitsui Trust Holdings, Inc. has not obtained a credit rating. The credit ratings of subsidiary Sumitomo Mitsui Trust Bank are shown below.

		Long-term	Short-term	Financial
Sumitomo Mitsui Trust Bank	S&P	A+	A-1	—
	Moody's	A1	P-1	C
	Fitch	A-	F1	a-*
	JCR	AA-	—	—
	R&I	A+	a-1	—

* Viability Rating

Issued: March 2014

Sumitomo Mitsui Trust Holdings, Inc.
Corporate Planning Department, CSR Promotion Office

1-4-1, Marunouchi, Chiyoda-ku Tokyo 100-8233, Japan

Telephone: +81 (3) 6256-6251 Facsimile: +81 (3) 3286-8741

URL: <http://smth.jp/en/csr/index.html>



Sumitomo Mitsui Trust Holdings, Inc.

2013 Corporate Social Responsibility Report — Questionnaire

Sumitomo Mitsui Trust Holdings, Inc.
Corporate Planning Department, CSR Promotion Office
Facsimile: 81-3-3286-8741

Q1

What was your impression of the CSR Report as a whole?

- ☒ Content ☐ Substantial ☐ Acceptable ☐ Inadequate
☒ Readability ☐ Easy to read ☐ Normal ☐ Difficult to read

Q2

How do you evaluate our CSR efforts described in this report?

- ☐ Very Good ☐ Good ☐ Satisfactory ☐ Weak ☐ Insufficient

Q3

What items in the report interested you, or left an impression? (Feel free to check multiple items)

- ☒ ☐ Management Commitment ☐ Creating Shared Value through Strategic CSR
☐ Related Pages on United Nations Global Compact, Sustainability Policy, and ISO 26000 ☐ Identifying Materiality
☐ Our Business Model ☐ Status of Group Businesses
☒ Process 1 ☐ Addressing Climate Change Using Financial Capabilities ☐ Addressing Natural Capital Using Financial Capabilities
 Banking ☐ Addressing the Issues of a Super-Aging Society by Using Our Financial Functions ☐ Towards the Solution of Social Issues
 Asset Management and Administration ☐ ESG-themed Initiatives in Our Asset Management Businesses
 Real Estate ☐ ESG-themed Initiatives in Our Real Estate Businesses
☒ Process 2 ☐ Corporate Governance, Internal Control ☐ Compliance System
 ☐ Efforts to Conduct Fair Business Activities ☐ Risk Management
 ☐ Human Rights and Sumitomo Mitsui Trust Group ☐ Employees and Sumitomo Mitsui Trust Group
 ☐ Environmental Burden Reduction Initiatives ☐ Initiatives to Earn the Trust of Clients
☒ Process 3 ☐ Activities across Japan ☐ Initiatives to Promote "With You" Activities
☒ ☐ CSR of Sumitomo Mitsui Trust Group: Accession to International Guidelines for Corporate Conduct, etc., and Related Activities
 ☐ GRI Content Index ☐ Financial Highlights
☐ Network of Sumitomo Mitsui Trust Group, Corporate Information, Rating Information

Q4

Please write your impressions and comments including your positive opinions about the report and the areas that should be improved.

Q5

In what capacity did you read this report?

- ☐ Retail Customer ☐ Corporate Customer ☐ Shareholder/Investor ☐ Corporate CSR Manager
☐ Researcher/Educator ☐ NPO/NGO Member ☐ Media Representative ☐ Government Employee
☐ Student ☐ Sumitomo Mitsui Trust Group Employee ☐ Other (please specify:)

Name: _____ Occupation/Company (Title): _____

Address: _____

Tel: _____

This questionnaire is solely for the improvement and enhancement of the content of our CSR Report. We will not use your personal information obtained through this questionnaire for any other purposes. We appropriately manage personal information.