

2007

CORPORATE
SOCIAL
RESPONSIBILITY
REPORT



Sumitomo Trust
& Banking Co., Ltd.

Message from Management



Shozo Tanaka, a social activist who made a continuing appeal to stop the mineral pollution caused by the Ashio Copper Mine, delivered a speech to the 15th Imperial Diet in March 1901 in which he praised the environmental measures taken at the Besshi Copper Mine, which was operated by Sumitomo. He said, “[Sumitomo] knows social justice and humanity; it doesn’t have the wrong idea that all that is required is for companies to look after their own profits.” At the time, Teigo Iba, the second Director-General of the Sumitomo family enterprise, not only transferred the mine’s smelter to the small island of Shisakajima in the Seto Inland Sea at enormous expense in order to limit mineral pollution, he also worked on large-scale tree planting to revive deforested mountains. It is for this reason that the origins of environmental

management in Japan are said to begin with Sumitomo. As the inheritors of the Sumitomo business spirit, all of us at the Sumitomo Trust Group today are constantly aware that environmental issues are a theme that we need to handle.

Global environmental problems are now growing more serious. In particular, global warming has been identified as the top-priority issue of the international community to be tackled by each country, for which purpose the Kyoto Protocol was enacted. The first commitment period stipulated under the Kyoto Protocol, in which we have committed to reduce the emission of greenhouse gases, will finally begin from next year, 2008.

In this background, financial institutions that handle capital flows on a global basis beyond the framework of national borders are required to play a more active role in finding solutions to environmental problems by using market mechanisms. The United Nations Environment Programme Finance Initiative (UNEP FI) with the participation of the world's financial institutions made a strong appeal in its Tokyo Declaration issued in 2003 for the desirability of taking environmental and social needs into consideration when making investments and issuing loans. The Declaration also calls for the development and diffusion of financial products that contribute to protecting the environment and building a sustainable society. This initiative has had a huge influence on the subsequent behavior of financial institutions.

The Sumitomo Trust Group, which possesses Sumitomo's DNA and is positioning Corporate Social Responsibility (CSR) as an integral part of its management strategy, regards contribution to the solution of environmental problems as one of its most important missions from the standpoint of operating a financial business. In another development, in December 2006 the Trust Law was revised for the first time in 86 years, allowing the introduction of new forms of trust systems in accordance with the needs of the era. To stress our intention to find solutions to environmental problems by making maximum use of the functions of trusts, we have named our environmental finance business "Eco-Trustution," a combination of "Eco," "Trust" and "Solution," and established it as a pillar of CSR for Sumitomo Trust.

An example of the environmental finance business taking advantage of the characteristics of trusts can be seen in a new approach to real estate. The development and brokerage of real estate, or real estate-related investment and loans, is one of the core

businesses of any trust bank. In the current situation where approximately half of Japan's total emissions of greenhouse gases is produced in the construction sector and related fields, we consider reducing the environmental burden of real estate to be a theme that is deeply related to our business.

Based on the above viewpoint, we have actively worked to develop new financial products and services such as providing preferential loans for environment-friendly housing and support for the Eco-Land-Fund, which purchases and rehabilitates contaminated land. In the last fiscal year, in addition to these activities, we participated in the Workshop of Environment Value Added on Real Estate hosted by the Trust Sixty Foundation. In this workshop, experts from various fields exchanged opinions in the interest of creating a market for assessing the economic value of environment-friendly buildings (green buildings). It proved to be a good opportunity for us to recognize the importance of understanding the nature of environmental problems by bringing together the knowledge of diverse stakeholders. We consider this to be a very important viewpoint not just for environmental finance but also for the promotion of CSR work.

Four years have passed since we began our CSR activities full-fledged, and we consider that we have now entered into the more practical stage of enhancing our corporate value by integrating our CSR activities with our main business. On the other hand, such endeavors must always be enacted with consideration to the benefits of our stakeholders and should be conducted in keeping with the sustainable development of society. We will continue to make daily efforts in order to carry on the ideal that Sumitomo's predecessors strived to attain. We welcome your candid opinions and comments.

September 2007

Executive Chairman

Atsushi Takahashi

President and CEO

Yutaka Morita

CSR from the Point of View of Sumitomo Trust

Sumitomo's business must benefit not only Sumitomo itself but also the nation and society in general

Teigo Iba, Second Director-General of the Sumitomo Family Enterprise

It goes without saying that the financial business is highly social and public in nature. For a financial institution, operating its main business in a sound manner is a very important social responsibility. Moreover, we at the Sumitomo Trust Group consider that our responsibilities go far beyond this. We also pursue the enhancement of our corporate value by creating new business opportunities that contribute to addressing contemporary problems that must be solved in order for society to achieve sustainable development. In this respect, the words of Teigo Iba, second Director-General of the Sumitomo family enterprise, became our starting point in promoting CSR.

Sumitomo Trust's Basic Policy Regarding CSR Activities

Sumitomo Trust's basic policy regarding CSR is that through CSR we should make a contribution to the sustainable growth of society while enhancing our own corporate value. CSR, therefore, is an integral part of our management strategy and one of the ways in which we attempt to differentiate ourselves from other companies.

Furthermore, CSR is the core around which to cultivate a corporate culture relevant to the new era. It is also the base on which to enhance our employee's awareness of social responsibility, and on which to foster the enterprising spirit of our employees, which sees efforts to develop solutions to social issues as business opportunities.

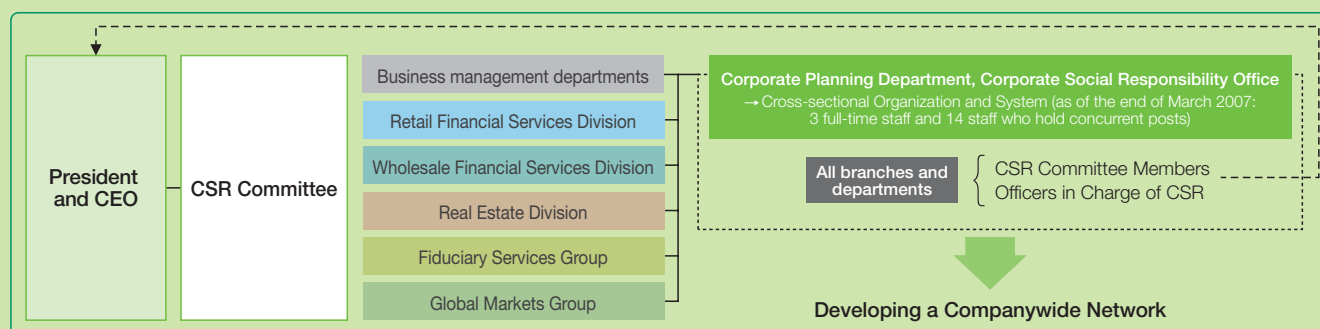
In order to clarify the basic stance of Sumitomo Trust Group towards CSR and the attitudes that employees are expected to have, we formulated the "Social Activity Charter" in December

2003. Along with the "Ethics Charter of Sumitomo Trust," the "Social Activity Charter" has provided guidelines for all officers and employees with respect to their CSR conduct.

Structure for Promoting CSR Activities

At Sumitomo Trust, the CSR Committee, consisting of the Executive Chairman, President and managing executive officers, is charged with overseeing our CSR activities. Meeting twice a year in principle, the Committee deliberates basic CSR-related policies and also decides on action targets for the coming term. In addition, we established the Corporate Social Responsibility Office within our Corporate Planning Department to control the activities aimed at fulfilling CSR. At the same time, the CSR Committee members and the officers in charge of CSR in our head office and at all branches and departments work to promote CSR activities.

Composition of the CSR Promotion Structure



Measures to Promote CSR Activities

In order to make our CSR efforts more effective in the workplace, we undertake diverse CSR activity promotion measures aimed at improving the awareness of each of our officers and employees.

Each business division sets action targets while interweaving CSR into companywide business plans. In addition, since fiscal year 2006, a mechanism has been in place for each branch to set its own long-term targets and fiscal year action plans, and this is supported by the active commitment of the Corporate Social Responsibility Office. The number of branches that are making use of the CSR Strategy Budget, which was established for the purpose of energiz-

ing our CSR activities, is on the increase (40 applications in fiscal year 2006). Moreover, in each department, "Discussion Sumitomo Trust" sessions are held as a forum for exchanges on how Sumitomo Trust should operate, including with regard to CSR. A total of 116 such discussions took place during fiscal year 2006.

Other Promotion Measures

- Intranet (STB information storage)
- Introduction in in-house newspaper
- STB Video News

Social Activity Charter and Ethics Charter

Social Activity Charter

Guided by two core principles—"confidence and integrity" (essence of the trust business) and "placing prime importance on credibility and sound management" (basic Sumitomo business principle)—we pledge to fulfill our responsibility to society.

1. Pursue sustainable social development

We shall target the sustainable growth of society while maximizing our own corporate value.

2. Create new levels of value and foster economic development

Responding swiftly to the expectations of society, we shall deliver high-quality financial products and services, as well as pursue highly ethical business practices, in order to create new levels of value and contribute to economic development.

3. Protect the natural environment

To preserve our natural heritage for future generations, we shall seriously and proactively tackle environmental issues, including protection of ecosystems and preservation of biological diversity, by taking full advantage of our financial capabilities.

4. Respect human rights

Recognizing that there is no asset as valuable as our people, we shall respect the personality and individuality of each and every person, in order to foster prosperity in our communities.

5. Comply with regulations

Demonstrating our role as a good corporate citizen, we shall adhere strictly to all laws, regulations, and social rules so that we can fulfill our responsibility as an important member of society.

* The Social Activity Charter and Ethics Charter are printed on a "Charter Card" that is signed and carried by all officers and employees.

Ethics Charter of Sumitomo Trust

1. Securing unwavering trust from society

Sumitomo Trust fully understands its social responsibility and public mission as a trust bank which puts priority on confidence and honesty, and aims at securing unwavering trust from society by engaging in sound business on the basis of rigorous self-discipline.

2. Providing products and services meeting the expectations of society and adapting to changes

Sumitomo Trust provides high-quality financial products and services by constantly adapting itself to changes in business environment and grasping new social requirements accurately and promptly.

3. Strict adherence to laws and social regulations

Sumitomo Trust strictly adheres to all laws, rules and social regulations. At the same time, it respects human rights and does not trespass against moral law, behaving with honesty and fairness.

4. Spirit of open-mindedness, generosity and respect of one's personality and individuality

Sumitomo Trust's Directors are united in aiming at open-mindedness and generosity in managing the Bank by creating a pleasant working environment and respecting everyone's personality and individuality.

5. Strong stand against anti-social elements

Sumitomo Trust maintains a strong stand against any social element which threatens public order and safety.

6. Transparency in management at all times

Sumitomo Trust resolutely preserves the transparency of its management through the timely disclosure of corporate data.

Sumitomo Trust's CSR

CSR Activities to Date and in the Future

Already four years have passed since Sumitomo Trust began its CSR activities in fiscal year 2003. The first three years up to the end of fiscal year 2005 were focused on developing the structure and spreading awareness of CSR in-house. From fiscal year 2006 we moved to the more actionable second stage where we integrate these activities with our main business and raise our corporate value. In this section, we will explain Sumitomo Trust's CSR activities up to now and also take a look at future tasks.

Course of CSR Activities [First Stage] (Fiscal Year 2003 ~ 2005)

2003	June	Development of a structure to promote CSR management; establishment of the CSR Committee and Corporate Social Responsibility Office (the latter within the Corporate Planning Department)
	July	Establishment and launch of SRI funds for corporate pensions
	October	Participation in the United Nations Environment Programme Finance Initiative (UNEP FI)
	December	Formulation of the "Social Activity Charter" aimed at sustainable growth of Sumitomo Trust and society
2004	March	Development and launch of preferential rate loans for environment-friendly housing as our first retail environmental financial product
	September	Publication of the first edition of the CSR Report (both in Japanese and English)
	December	Development of in-house CSR network (placement of CSR Committee members and officers in charge of CSR in all branches and departments)
2005	June	Establishment of the "3 Environmental Principles"
	July	Participation in UN Global Compact (a first for a Japanese bank)
	October	Launch of preferential rate housing loans based on the Tokyo Metropolitan Apartment Environmental Efficiency Label Program * This product received the Governor's Award at the 2006 Tokyo Metropolitan Environmental Awards in June 2006.
2006	January	SRI fund "Good Company" receives the Fund of the Year award for excellence from Morningstar. * This fund was recognized as "Fund of the Year 2005," and received an award for outstanding performance in the category of domestic hybrid funds. In January 2007, it received the same award for the second consecutive year.

CSR Activities [Second Stage] (Fiscal Year 2006~)

Major Activities in Fiscal Year 2006	Targets for Fiscal Year 2007
● Path1 (Business Revitalization) <ul style="list-style-type: none"> Active promotion of environmental finance under the "Eco-Trustution" business name Compilation of a nursing home database Advancement of SRI business 	● Path1 (Business Revitalization) <ul style="list-style-type: none"> Further promote the "Eco-Trustution" business (development of products and services related to the environmental value of real estate, finance for energy savings, emission rights, etc.)
● Path2 (Enhancement of Corporate Brand) <ul style="list-style-type: none"> Beginning of full-scale customer satisfaction efforts toward establishing the Customer Satisfaction Promotion Department as a companywide organization (established in June 2007) Each branch setting long-term targets and fiscal year action plans for CSR Strengthening of cooperation with stakeholders 	● Path2 (Enhancement of Corporate Brand) <ul style="list-style-type: none"> Establishment of the Customer Satisfaction Promotion Department Carry out customer satisfaction measures in the PDCA (Plan-Do-Check-Action) cycle while placing emphasis on obtaining "No.1 Customer Satisfaction Evaluation" Restyle the CSR Website Strengthen information disclosure related to initiatives for environmental problems
● Path3 (Better Human Resources Management) <ul style="list-style-type: none"> Certification under the law for measures to support the development of the next generation (obtaining the "Kurumin" mark) Establishment of the Human Resource Development Committee 	● Path3 (Better Human Resources Management) <ul style="list-style-type: none"> Expand support measures for work-life balance Enhance the human resources development program
● Path4 (Cost Management and Cost Reduction) <ul style="list-style-type: none"> Begin review of the Environmental Management System 	● Path4 (Cost Management and Cost Reduction) <ul style="list-style-type: none"> Restructure Environmental Management System aimed at obtaining ISO 14001 certification
● Path5 (Reinforced Risk Management) <ul style="list-style-type: none"> Establishment of the Steering Committee for Basel II Implementation and efforts to improve risk measurement methods Establishment of the Steering Committee for Regulation Compliance for compliance with the revised Trust Law and Trust Business Law, and the New Financial Instruments and Exchange Law 	● Path5 (Reinforced Risk Management) <ul style="list-style-type: none"> Strengthen the PDCA cycle in risk management and compliance Promote response to new systems and regulations such as the Basel II framework, the J-SOX (Japanese Sarbanes-Oxley) Act, etc.

Comment

Comment from the Officer in Charge of Promotion

Sumitomo Trust positioned fiscal year 2006, the fourth year since we began to promote CSR in 2003, as the start of our "Second Stage," where we pursue a higher level of consideration toward our stakeholders and enhancement of our corporate value through the Five Paths.

In particular, three specific results can be noted: (1) naming our environmental finance business "Eco-Trustution" and positioning it as an important business theme for wide-ranging development, (2) establishing a companywide Customer Satisfaction Promotion Department aimed at improving customer satisfaction, and (3) developing a structure under which each branch sets long-term targets and fiscal year action plans for CSR to be supported by the active support of the Corporate Social Responsibility Office.

On the other hand, as a point for reconsideration, Sumitomo Trust has not made a systematic effort to address environmental considerations. We are adopting a policy for constructing a companywide Environmental Management System and launching a team for obtaining ISO 14001 certification in fiscal year 2007.



Tsukasa Kanai

Joint General Manager,
Corporate Planning Department

Five Paths for Enhancing Corporate Value

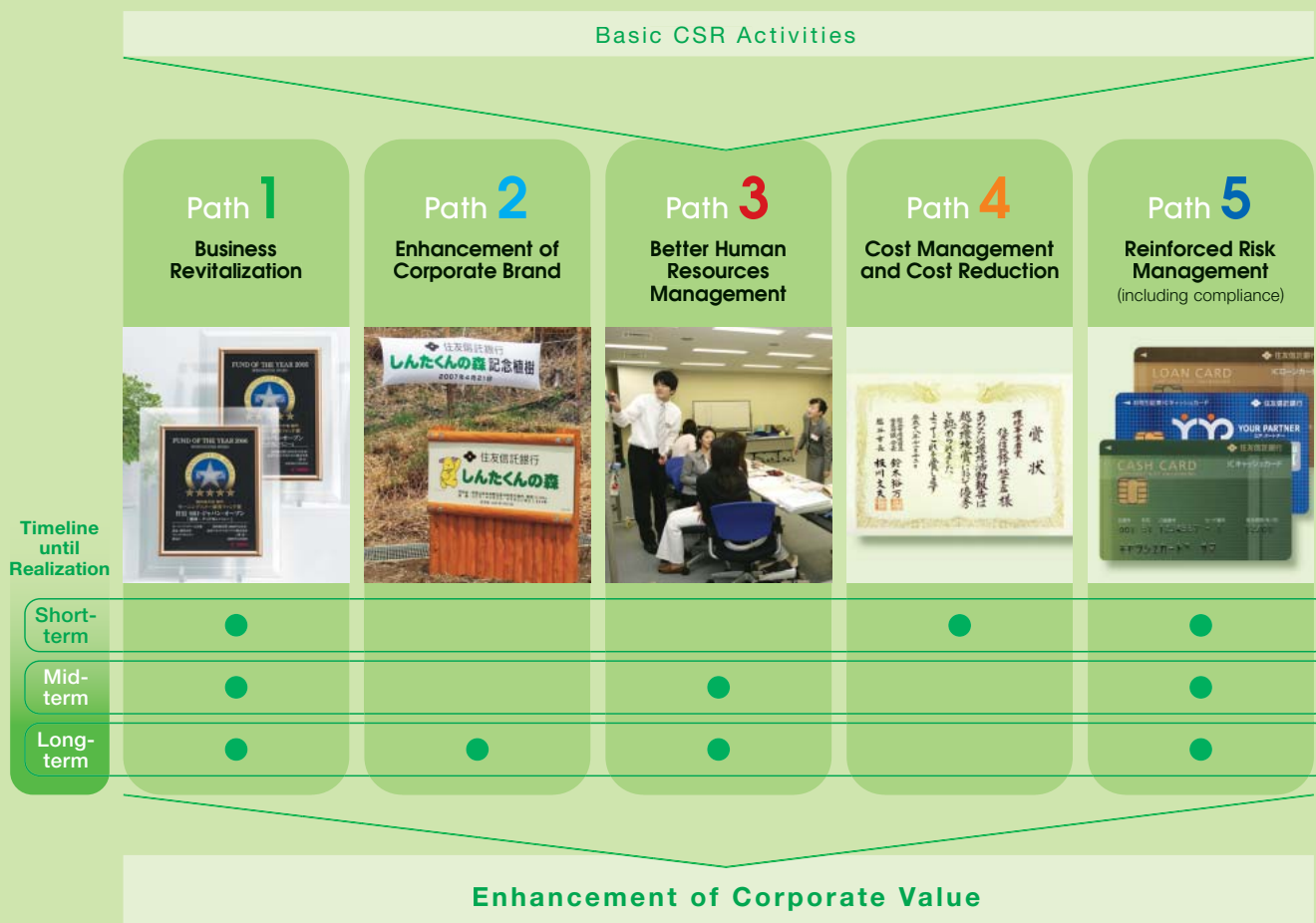
Process of Enhancing Corporate Value (Five Paths and Our Portfolio of CSR Efforts)

A company that excels in promoting CSR displays good performance as a medium to long-term investment as well—Sumitomo Trust has confirmed this relationship between corporate behavior and performance in the process of selecting corporate investment targets for Socially Responsible Investment (SRI) funds. As a result of continued analysis and examination of this relationship, we have reached an understanding that our CSR activities

in various areas will lead to the enhancement of corporate value, and formulated a concept of five paths that we should follow in our CSR efforts, namely: “Business Revitalization,” “Enhancement of Corporate Brand,” “Better Human Resources Management,” “Cost Management and Cost Reduction,” and “Reinforced Risk Management.”

We have set out these five paths as our core evaluation criteria for selecting SRI investment targets, and also positioned them as the basis for promoting concrete CSR activities aimed at enhancing the corporate value of Sumitomo Trust itself.

Five Paths for Enhancing Corporate Value and Our Portfolio of CSR Efforts



Sumitomo Trust approaches its CSR activities as reworking its portfolio into a two-dimensional one consisting of the five paths and timelines for the realization of these paths. Among the five paths, “Cost Management and Cost Reduction,” for example, may provide a relatively quick result in terms of enhancing corporate value through our efforts to compress costs, while a path like “Enhancement of Corporate Brand” will take more time to produce results. As such, Sumitomo Trust has set a timeline for the realization of each path to grasp the whole picture of its CSR activities.

Path 1 Business Revitalization

We believe that CSR activities do not stop at social contribution and compliance. We believe each company should give serious consideration to how it lives up to and carries out its responsibilities toward sustainable development of both itself and society as a whole.

Sumitomo Trust's conception of "CSR that contributes to sustainable development of both our company and society," is of social contribution through our businesses. It refers to business innovation that contributes to solving contemporary problems, such as global warming that need to be dealt with in order for society to achieve sustainable development. We consider that such activities, which respond to society's real needs, provide medium to long-term business opportunities, and contribute to the enhancement of corporate value as a result.

Path 2 Enhancement of Corporate Brand

A corporate brand is a major intangible asset that can contribute to a company's success in a way that goes beyond giving a competitive edge to products and services. The corporate brand also enhances the overall competitiveness of corporate management, including fund-raising and securing human resources. A brand as an "enterprise that fulfills social responsibility" nurtures pride in staff and helps improve customer satisfaction, which as a result enhances corporate value.

For people, a corporate brand is created through the accumulation of their experiences of actual contact with the company's staff and services. For this reason, we focus on deepening contact with stakeholders through the promotion of CS activities, communication with NPOs and other organizations, and societal contribution activities in which our staff participate, in our effort to improve our corporate brand.

The 5 Paths

Path 3 Better Human Resources Management

Human resources development that contributes to bringing out individual potential and stimulating personal growth motivates staff and reinforces the company's business competitiveness by raising human productivity. Moreover, a fair and open personnel evaluation system and consideration for work-life balance and human resource diversity is becoming an indispensable factor for companies to achieve sustainable growth.

Personnel management that satisfies these conditions not only helps to improve corporate value from both the "offensive" standpoint of helping secure superiority in business and in the human resources market, and from the "defensive" standpoint of reducing the risk of loss due to problems with personnel operations, but also contributes to the human capital that forms the foundation for the sustainable development of society.

Path 4 Cost Management and Cost Reduction

Under cost management and cost reduction measures in the context of CSR, Sumitomo Trust focuses its efforts on reducing the environmental burden caused by daily operations, managing the costs involved in these efforts, and the final result—reduction in costs.

Known as the EMS (Environmental Management System), this kind of environment-conscious management mechanism employs a PDCA cycle in its activities for promoting energy and resource saving. In addition, we aim to avoid a wide range of supply-chain risks and control cost increases by selecting suppliers from a CSR viewpoint.

Path 5 Reinforced Risk Management

The maximization of corporate value cannot be reached through "offensive" activities alone. It also requires a complete arrangement to prevent damage to corporate value due to the materialization of various management risks, such as violations of laws or social norms, inappropriate accounting processes, or insufficient information management—in other words, by strengthening "defensive" activities.

What kinds of risk does a company envisage and what kinds of arrangements can it make to prepare for these risks? Does the company have a mechanism in place to enable a quick response to the risk situation? What kind of internal control and governance systems does the company have in place for risk management? The risk management arrangement is an important factor in assessing the stability of corporate value.

Signing and Participating in International Action Programs

Through the signing and active participation in the international principles for corporate behavior and other principles, Sumitomo Trust is striving to maintain a global perspective on our conduct. Moreover, in so doing, we aim to comply with regulations in today's globalizing society. "Demonstrating our role as a good corporate citizen, we shall adhere strictly to all laws, regulations and social rules so that we can fulfill our responsibility as an important member of society." (Social Activity Charter, Article 5)

Signing the UNEP FI

In October 2003, on the occasion of the UNEP FI 2003 Global Roundtable held in Tokyo, Sumitomo Trust, which was beginning to make serious efforts to promote CSR, became the first Japanese trust bank to so sign the UNEP Statement by Financial Institutions on the Environment & Sustainable Development. Also, in June 2007, Sumitomo Trust joined the UNEP FI Real Estate Working Group and has been actively presenting information (see page 14).

Signing the UN Global Compact

In July 2005, Sumitomo Trust became the first Japanese bank to sign the United Nations Global Compact (GC), which works to advance ten universal principles in the areas of human rights, labor, the environment and anti-corruption as proposed by former UN Secretary-General Kofi Annan. We declared that Sumitomo Trust will behave as a good member of society by supporting and promoting these principles.

Signing the Principles for Responsible Investment

In May 2006, Sumitomo Trust signed the Principles for Responsible Investment, a set of investment standards jointly set by the UNEP FI and the GC. These Principles encourage the taking of "Environment, Social and Governance" (ESG) issues into consideration when making investment decisions. As the SRI market leader in Japan, we will support these principles actively.

Signing the Carbon Disclosure Project

In January 2007, Sumitomo Trust signed onto the Carbon Disclosure Project (CDP). The CDP is a group of international institutional investors and financial institutions that ask corporations to disclose information concerning their greenhouse gas emissions. We support the aims of the CDP.

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 Standards)

- 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 environment-friendly technologies.

(Anti-Corruption)

- Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.

Sumitomo Trust | Contents CSR Report 2007

Editorial Policy

This edition of the CSR Report is the fourth publication of its kind and is composed in line with Sumitomo Trust's original "Five Paths for Enhancing Corporate Value," following on from last year's edition. In this report, we have made further efforts to enrich contents and readability by, for example, including details of the progress made during fiscal year 2006 and the future direction in each of the Five Paths, as well as reporting on discussions with stakeholders.

We would be delighted if, together with this report, you would also read the supplemental volume "With You," which contains more detailed introductions to the activities of each branch, which are closely connected with the local areas in which they are situated.

* In the hope of obtaining the opinions of our stakeholders concerning Sumitomo Trust's CSR activities and deepening our mutual communication, we have prepared a questionnaire at the end of this volume. We would be grateful if you would give us your frank opinions and impressions.

Organization Covered by This Report:

The head office and domestic branches of Sumitomo Trust, as well as overseas branches and Group companies

Target Readers:

Sumitomo Trust's diverse stakeholders, including customers, shareholders and investors, employees, local communities, governments, NPOs and NGOs.

Period Covered by This Report:

Fiscal year 2006
(April 1, 2006 ~ March 31, 2007)

* as well as information on activities prior to fiscal year 2006 and recent information up to August 2007

Next Report Scheduled to be Issued:

September 2008

Website URL:

http://www.sumitomotrust.co.jp/IR/company/en/csr_html/csr_index.html

References:

Global Reporting Initiative (GRI)
Sustainability Reporting Guidelines 2006

Sumitomo Trust's CSR

Message from Management	
CSR from the Point of View of Sumitomo Trust	2
CSR Activities to Date and in the Future	4
Five Paths for Enhancing Corporate Value	6
Signing and Participating in International Action Programs	8
Editorial Policy / Contents	9

The Five Paths

Path 1 Business Revitalization

Activity Themes of This Path	10
Progress and Results for Fiscal Year 2006/ Comment from the Officer in Charge of Promotion	11
Special Feature 1: Sumitomo Trust's Eco-Trustution	12
Socially Responsible Investment	17
Products and Services that Contribute to Solving Society's Issues	18

Path 2 Enhancement of Corporate Brand

Activity Themes of This Path	20
Progress and Results for Fiscal Year 2006/ Comment from the Officer in Charge of Promotion	21
Customers and Sumitomo Trust —Efforts Aimed at Enhancing Customer Satisfaction—	22
With You Activities (Social Contribution Activities)	24
Special Feature 2: Dialog with Stakeholders/ Environmental Problems and the Role of Financial Institutions	29

Path 3 Better Human Resources Management

Activity Themes of This Path	32
Progress and Results for Fiscal Year 2006/ Comment from the Officer in Charge of Promotion	33
Employees and Sumitomo Trust	34

Path 4 Cost Management and Cost Reduction

Activity Themes of This Path	38
Progress and Results for Fiscal Year 2006/ Comment from the Officer in Charge of Promotion	39
Our Activities	40

Path 5 Reinforced Risk Management

Activity Themes of This Path	42
Progress and Results for Fiscal Year 2006/ Comment from the Officer in Charge of Promotion	43
Major Risks and Handling Policies	44
Corporate Governance and Risk Management	45
Compliance	46
Customer Protection	47

GRI Content Index	48
Independent Review Comments	50
Request for Cooperation with Questionnaire	51
Corporate Data, Major Subsidiaries and Affiliates	53

Path¹ Business Revitalization

Simultaneous pursuit of social, environmental and economic interests—that is one of the most important themes for Sumitomo Trust's CSR. Utilizing our capabilities as a financial institution, we produce and develop new financial businesses that will contribute to address the diverse problems facing contemporary society, such as escalating global warming and rapid aging of the population with low birthrates. Through these CSR initiatives, we contribute to both the sustainable growth of society as well as the improvement of our corporate value.



Progress and Results for Fiscal Year 2006

1. Promotion of Eco-Trustution

Fiscal year 2006 was a year in which our engagement with environmental finance business became even more intense.

To help identify those financial products and services that we have developed to eliminate or ameliorate environmental problems, we have coined the term “Eco-Trustution,” a combination of “Eco,” “Trust” and “Solution,” which describes “solutions to ecological problems by using the functions of trusts.” Also, by restructuring the in-house positioning of our various financial products, we have clarified the fields in which we are going to develop products and services in future.

Product Lineup of Eco-Trustution (partial)

	Financial products for retail customers	Financial products for corporate customers
Global warming countermeasures	Lineup of preferential rate loans for environment-friendly housing Purchasing of emission rights (CERs) via trusts Carbon-offset Products	Project finance for wind power generation and biomass ethanol production businesses Environment-conscious architecture consulting service Energy conservation promotion fund Energy conservation promotion mechanisms for tenant buildings (grant aid from NEDO) Environment-consciousness evaluation business for buildings (green building fund, green appraisal)
Waste countermeasures		Project finance for industrial waste treatment and recycling facilities
Soil contamination countermeasures		Support for the Eco-Land-Fund (contaminated land purchase and revival fund) Alliance on soil contamination consulting
Other	Socially responsible investment	CSR-Conscious Receivables Collective Trusts
	Commercialized products	Products under development

Comment

Comment from the Officer in Charge of Promotion

A full four years has now past since we began what we called our “CSR year zero” in 2003. Recently reports about CSR have been appearing in newspapers and other media on an almost daily basis. The need for us all to make a united effort to tackle CSR issues in order to achieve sustainable growth is now widely recognized the world over, and the various technologies applied and undertakings being made to this end by Japanese companies are gaining widespread publicity.

At Sumitomo Trust, we believe that a company that carries out CSR properly reduces its various business risks, and conversely is able to gain new opportunities. This is why in 2003 we began our SRI fund business which targets excess earnings with a focus on CSR. Starting with corporate pension funds, we have developed and launched our publicly offered mutual fund for retail investors “Sumishin SRI Japan Open Fund” (nickname: Good Company) and SRI funds available via the Postal Savings, and these funds are achieving results with steady increases in net assets and improved operating results. Sumitomo Trust will continue to fulfill its role as a financial products in the future through the further improvement of its SRI products focused on CSR, which can be justly described as a “business revitalization” in the mutual fund investment field.



Shinya Sato

General Manager, Equity Investment Department

2. Compilation of a Nursing Home Database

In March 2007, a database containing the business details of some 1,400 fee-based nursing homes across Japan was completed that enables comparative reviews of these facilities. Work for the database has been outsourced to the Social Welfare Research Corporation. This database contains such information as the details of services, size and fee structure of these facilities, as well as the managing organization's financial standing. Based on this content, it also includes original ratings information that reflects our comprehensive evaluation of each facility's potential and fullness of nursing services. Sumitomo Trust intends to put this information to use for its customers.

3. Development of the SRI Fund Business

Sumitomo Trust's Socially Responsible Investment (SRI) funds, which we initiated at around same time as we began our CSR activities in July 2003, are among our most important financial products. Since that time, SRI funds have accumulated a considerable balance under management to the total amount of approximately 90.5 billion yen as of the end of March 2007. Also, based on its favorable operating results, “Sumishin SRI Japan Open Fund” (nickname: Good Company) received the Fund of the Year award for excellence from the investment information service Morningstar for the second consecutive year.

Sumitomo Trust's Eco-Trustution

Financial Organizations Need to Participate Actively in Addressing Environmental Problems

With global warming at the head of the list, environmental problems are growing increasingly serious. Moreover, one of the difficulties involved in taking effective measures is that there are real conflicts of interest between economic activities and environment-conscious activities, and that such measures have in the final analysis to be left to the discretion of individuals, whose actions are often beyond the reach of government regulations.

In this situation, strong expectations are arising that financial organizations, through their financial intermediary functions, will take an active part in solving environmental problems by developing and providing financial products that balance economic rationality against environmental considerations, and which promote changes in the behavior of corporations and individuals alike by making available appropriate financial functions and information.

1. Development and Promotion of Financial Products that Contribute to Solving Global Warming

(1) Preferential Rate Loans for Environment-Friendly Housing

Greenhouse gas emissions from ordinary households show no sign of bottoming out. Over the past several years, Sumitomo Trust has been promoting this important theme by providing preferential rate loans for environment-friendly housing. For example, in 2004, we introduced a housing loan product that provides preferential interest rates for houses equipped with solar power generation systems. Thereafter, the scope of these products was expanded to include all-electric houses (those whose only power source is electricity) and houses that incorporate energy-efficient gas equipment.

Also, in October 2005, we developed and began offering preferential rate loans with a maximum discount of 1.2% linked to the Apartment Environmental Efficiency Label Program^{*1} for large-scale condominium projects as a part of the Tokyo Environmental Finance Project^{*2}.

The loan product developed by Sumitomo Trust assesses each of four criteria (assessed on a three-point scale) required for disclosure under the above program, namely: 1) building insulation, 2) energy efficiency of equipment, 3) building life expectancy, and 4) green space. Preferential interest rates are applied based on the assessment, done in a stepwise fashion, of these criteria. Specifically, a star is applied for each grade of the criteria met, and for each star Sumitomo Trust applies a preferential interest rate discount of 0.1%, up to a maximum discount of 1.2%. The system was designed so that buyers

Sumitomo Trust's Contribution with "Eco-Trustution"

Path 1 of Sumitomo Trust's CSR activities (Business Revitalization) is aimed at creating a financial business that contributes to effecting solutions to social issues, and in particular, contributes to addressing environmental issues as a theme which we regard as an extremely important task.

Particularly with regard to the global warming issue, we are proceeding with the development of products, investments and loan financing while placing top priority on the development of financial mechanisms that contribute to energy saving and renewable energy use in Japan. Furthermore, we are developing a mechanism whereby businesses can purchase greenhouse gas emission credits easily, and we are also promoting responses to environmental problems other than global warming, such as soil contamination and industrial waste treatment. In this Special Feature we present specific financial products and services of Sumitomo Trust's Eco-Trustution, which provide solutions to environmental problems by using the functions of trusts.

can buy condominiums with higher environmental performance more easily. Incidentally, this product has been highly evaluated by the Tokyo Metropolitan Government, which awarded it the Governor's Award at the 2006 Tokyo Metropolitan Environmental Awards.

^{*1} Apartment Environmental Efficiency Label Program requires developers to meet certain obligations for new construction or add-on construction of condominium buildings with a total floor area exceeding 10,000 square meters. In addition to submitting a Building Environmental Plan to the Tokyo Metropolitan Government, which details environment-friendly measures, developers must include labeling in their advertising that indicates condo ratings in each of the four criteria described above.

^{*2} In a project initiated in January 2005, Tokyo Metropolitan Government appealed to financial institutions, asking for "the development of financial products promoting environmental measures among corporations and individuals."

Programs designed to rate the environmental performance of condominiums are also spreading to other areas outside of Tokyo. In October 2006, Kawasaki City in Kanagawa Prefecture launched a similar environmental labeling program, called the Comprehensive Assessment System for Building Environmental Efficiency (CASBEE) program^{*3}. Sumitomo Trust was first on the market to launch a CASBEE-linked housing loan product, introducing it to coincide with the program launch. This housing loan product has drawn a great deal of attention including discussion by a government advisory council.

^{*3} Comprehensive Assessment System for Building Environmental Efficiency (CASBEE) program: developed by the Ministry of Land, Infrastructure and Transport and leading experts, the program is aimed at reducing environmental impact through improvements to the environmental performance of buildings.

(2) Environment-Friendly Project Finance

Sumitomo Trust is involved in helping to finance environment-friendly projects centered on renewable energy-related initiatives such as biomass ethanol production businesses and wind power generation businesses. For instance, in fiscal year 2006, we began a new kind of undertaking with the financing of Nakasode Clean Power, a gas-fired combined-cycle power plant. As of the end of

March 2007, we have been involved in project finance transactions for a total of 15 environment-friendly projects with a total outstanding balance of approximately 19.5 billion yen.



Nakasode Clean Power

Project	Client	Outline	Sumitomo Trust investment amount/total amount unit: billions of yen	Undertaking period (signing)
Otsuki Wind Farm	Otsuki Wind Power Corporation (Shareholder: Green Power Investment Corporation)	The construction of wind power facilities with 12,000kW (1,000kW windmills x 12) of generation capacity in Otsuki Town, Hata County, Kochi Prefecture, and the sale of the electricity generated over 17 years.	1.54/1.96	November 2006
Nakasode Clean Power	Nakasode Clean Power Co., Ltd. (Shareholder: The First Energy Service Company, Limited)	The construction of a gas-fired combined-cycle power plant with 100,000kW of generation capacity in Nakasode, Sodegaura City, Chiba Prefecture, and the sale of the electricity generated to specified-sized electric power suppliers Marubeni Corporation and The First Energy Service Company, Limited over 15 years (the fuel is natural gas).	7.65/7.65	March 2006

2. Establishing a Mechanism for the Promotion of Environment-Conscious Real Estate (buildings)

(1) Research for the Environmental Value Added on Real Estate

In addition to increasing real estate income by reducing energy utility costs, improving a building's energy conservation capabilities is considered to raise the value of the building by 1) lowering the depreciation ratio by increasing the building's useful life, 2) reducing the risk to the environment from the emission of harmful substances, and 3) improving the brand image. In the United States, actual examples of improvements in real estate profitability for certified environment-conscious buildings (green buildings) have already begun to appear in the shape of rising occupancy rates and higher rents.

In 2005, Sumitomo Trust began research into methods of reflecting the environmental value of real estate in the appraisal valuation, and in March 2007, the Trust Sixty Foundation* participated in the

“Workshop of Environment Value Added on Real Estate.”

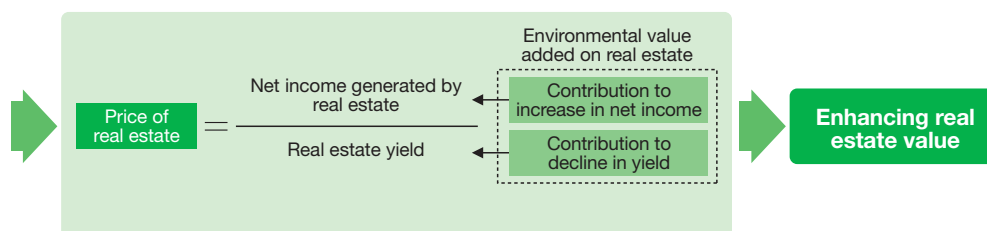
Under the chairmanship of Professor Tomonari Yashiro of the Institute of Industrial Science, The University of Tokyo, this workshop featured multilateral discussions among construction companies, energy conservation enterprises, advertising agencies, environmental NGOs, etc. as its members, with the Ministry of Land, Infrastructure and Transport and Tokyo Metropolitan Government as observers. The discussions of this workshop were summarized in the report “The Added Value of Sustainable Real Estate and its Diffusion and Promotion Business.”

* Trust Sixty Foundation is an incorporated foundation established in 1987 in commemoration of Sumitomo Trust's 60th anniversary. Its goals are to conduct surveys and research regarding trust systems and provide support for such academic activities, and it has recently been conducting research in the field of CSR as well. In fiscal year 2006, in addition to the above workshop, the foundation conducted research on the contribution of financial institutions to the global environment under the Kyoto Protocol.

Relationship Between Enhanced Environmental Added Value and Enhanced Real Estate Value

Expected benefits

Energy conservation planning (reduced utility costs)
Avoidance of toxic materials (lowered risk of reduced income)
Extended property lifespan (lowered depreciation ratio)
Creation of an environmental brand (improved occupancy ratio)



(2) Participation in the UNEP FI Real Estate Working Group

In recent years, the importance of environment-consciousness in the real estate sector has rapidly been receiving greater emphasis overseas as well. Attention has been rising towards global warming countermeasures, as exemplified by the Fourth Assessment Report and Working Group III Report of the Intergovernmental Panel on Climate Change (IPCC), issued in May 2007, which indicated that the benefits of minimum cost on minimum emissions for buildings are large.

In response to these trends, in 2006 the United Nations Environment Programme Finance Initiative (UNEP FI) established a working group concerned with real estate. With the participation of leading western financial organizations and institutional investors, this group started research into promoting Responsible Property Investment (RPI), meaning property investment that safeguards economic efficiency while also taking environmental and social needs into consideration.

Sumitomo Trust also participated in this working group in June 2007, making active statements such as those concerning the introduction of best practice models in Japan. Additionally, beforehand in March 2007, we participated in the Vancouver Valuation Summit, an international conference held in Vancouver to discuss environmental value standards for buildings. In the future, we plan to present relevant information on this from Japan at a wide range of similar international forums.

Sumitomo Trust is considering ways of applying the results of the above studies in other fields beyond the architecture consulting* and loans for environment-friendly housing that we have already developed, such as in the development and promotion of even more versatile financial products and services including appraisal services and fund businesses.

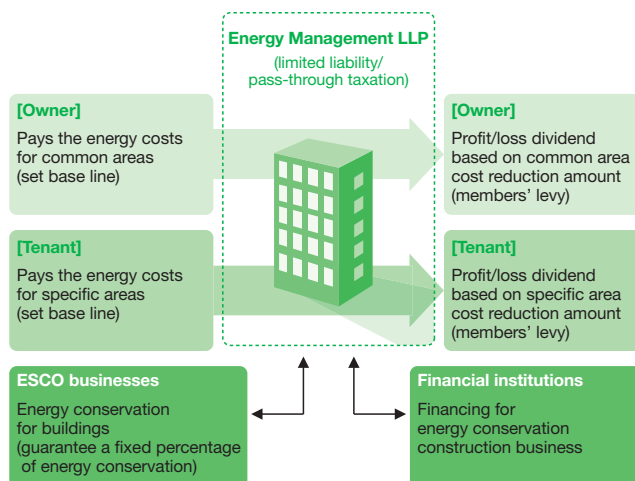
* Consulting on energy saving, landscaping, lengthening building life and the adoption of the recycling system at the structural design stage of buildings and other properties. The Architecture Consulting Department was established in June 2006 to reinforce this consulting business.

(3) Development of Financial Mechanisms for Promoting Energy Conservation in Tenant Buildings

It is said that the amount of CO₂ emissions originating in buildings, including the portion derived from producing the electricity used indoors, accounts for half of all CO₂ emissions. In particular, the amount of CO₂ emitted from commercial buildings has increased remarkably, with an overall rise of 42% between 1990 and 2005. Accordingly, the lack of progress in energy conservation in this field has become one of the major issues in Japan's global warming countermeasures. In addition, it is said that among commercial buildings, and especially in the case of tenant buildings, incentives for promoting energy conservation are weak as even if an owner makes an investment in facilities and installs energy saving equipment, direct energy saving benefits only accrue to the owner for common areas.

For the above reasons, Sumitomo Trust is proceeding with research into financial mechanisms that promote energy saving through the cooperative efforts of owners and tenants in the form of a limited liability partnerships (LLP) and other arrangements by obtaining grant aid from NEDO (New Energy and Industrial Technology Development Organization), which is an independent governmental agency. We are conducting this research together with Building Performance Consulting, Inc., S-net Co., Ltd. and Arata Sustainability, Co., Ltd.

Energy Conservation Promotion Mechanism (LLP Structure)



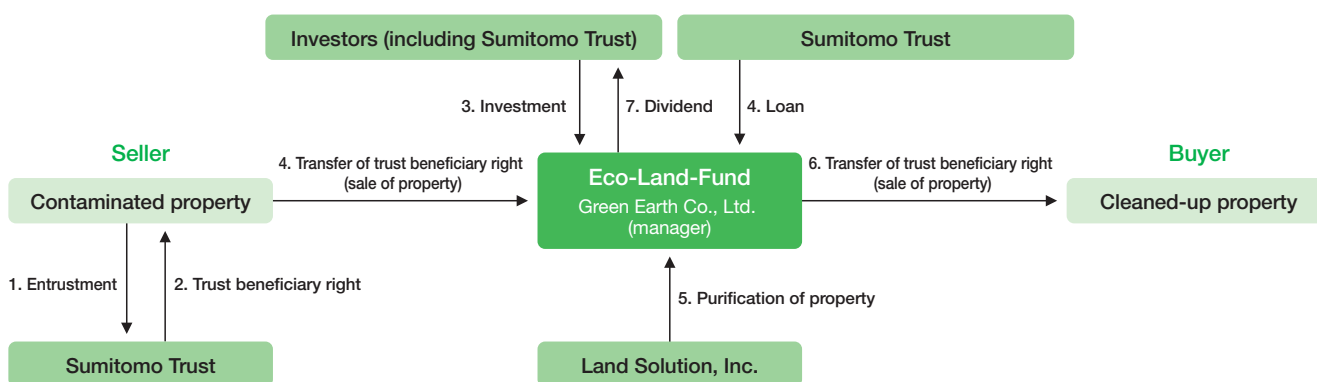
(4) Support for Contaminated Land Purchase and Revival Fund

Contaminated residential land and old factory sites often remain unused or difficult to sell due to soil contamination. Throughout Japan, the total value of such land is currently considered to be close to 5 trillion yen. It is the purpose of the Eco-Land-Fund, operated by Green Earth Co., Ltd., to bring this land back into use by buying it a plot at a time, making additional surveys, carrying out the necessary purification and other work and then

reselling the land. The Eco-Land-Fund helps to facilitate the rehabilitation and liquidity of contaminated land as it allows sellers to find a real estate buyer more quickly and buyers to lower their risk of purchasing properties affected by soil contamination.

Sumitomo Trust is providing wide-ranging support to the operation of the Eco-Land-Fund. In March 2006, we invested capital into Eco-Land-Fund I, and we also helped with functions such as real estate trust, brokerage, non-recourse loans, through January 2007. In addition, in July 2007 we invested capital into Eco-Land-Fund II.

The Eco-Land-Fund Mechanism (Eco-Land-Fund I)



3. Trusts for Overseas Emission Rights

Emission Rights Trusts

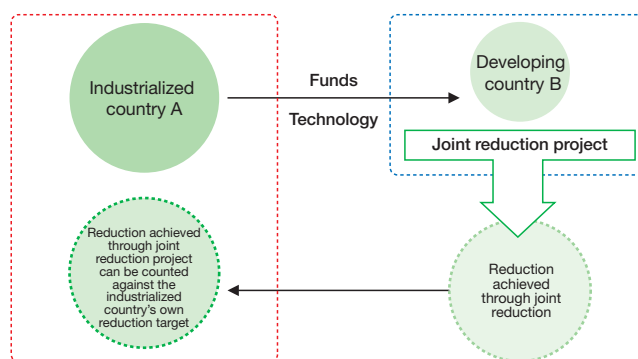
It is becoming clear that for Japan to achieve its targets under the Kyoto Protocol it will have to utilize Kyoto Mechanisms* to purchase a large number of emission rights from overseas. However, in the current emission rights trading market a limited number of players including industries with high volume CO₂ emissions are carrying out directly-negotiated large-lot trades and thus it is difficult to meet demand for small lots of emission rights.

Emission rights from overseas were approved for inclusion in trusts under the fiscal year 2006 revision of the Law Concerning the Promotion of the Measures to Cope with Global Warming. Taking this into account, Sumitomo Trust is in the process of building a mechanism that utilizes the “vessel” of trusts to enable small-lot investors to purchase emission rights.

Because a variety of scenarios are possible regarding the demand for emission rights, the policy of Sumitomo Trust is to continue to design products from the standpoint of investors.

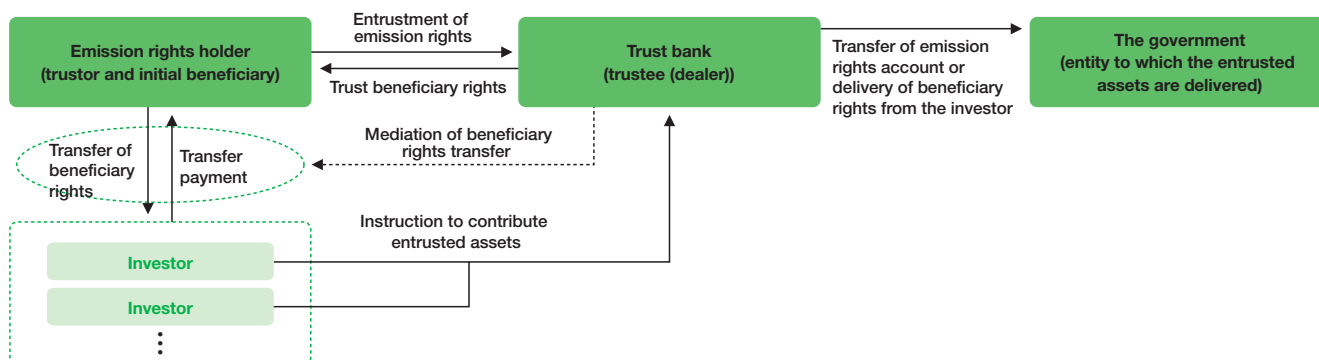
* Kyoto Mechanisms are complementary measures that can be used when it is difficult for a country to achieve its targets for the reduction of greenhouse gas emissions as stipulated in the Kyoto Protocol. Of these mechanisms, the Clean Development Mechanism (CDM) is gaining attention. Under the CDM, emission reductions (or increases in emission sequestration) resulting from projects implemented by developed countries jointly with developing countries can be counted toward the achievement of the Kyoto Protocol targets of the developed country.

Clean Development Mechanism



Source: Website of the Prime Minister of Japan and His Cabinet

Mechanism of Emission Rights Trusts



4. Efforts in Promoting CSR-Consciousness in the Supply Chain

In recent years, centered on large corporations that are proceeding with globalization, such as those in the electrical appliance industry, attention is being focused on “CSR procurement” in which suppliers are selected in consideration of their social impact, including their labor management record, in addition to their environmental stance.

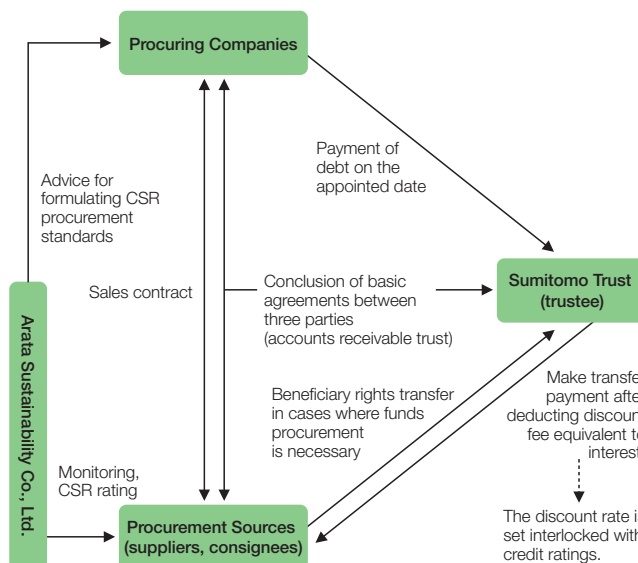
In December 2006, Sumitomo Trust developed the “CSR-Conscious Receivables Collective Trusts” as a promotion mechanism for CSR procurement. Under this mechanism, together with Arata Sustainability Co., Ltd., we check the CSR-conscious procurement criteria of the companies that raise funds (suppliers) and assign a CSR rating. The higher the degree of compliance, the more favorable the discount rate at the time of transferring the account receivables trust beneficiary rights, which offers advantages in fund-raising through the securitization of account receivables.

Sumitomo Trust developed the product in partnership with Arata Sustainability Co., Ltd. (previously Misuzu Sustainability Research Institute Co., Ltd.). This company determines the compliance level of target companies with respect to a CSR-conscious procurement criteria by checking their labor management and other situations, at their overseas factories by making use of the global network of PricewaterhouseCoopers.

Sumitomo Trust expects that adoption of CSR-conscious

procurement by Japanese corporations will shift into high gear moving forward, and that products like this one will lead the way for such changes.

CSR-Conscious Receivables Collective Trusts Package Mechanism



5. Low-Pollution Car Leasing Receivables Trusts

Sumitomo Trust has developed trust products based on lease payments for low-pollution cars to sell to institutional investors and so raise the vehicle purchase funds and maintenance costs. Our first such effort was to form a partnership with ORIX Auto

Corporation in April 2007 to commence the lease of low-pollution trucks between ORIX Auto Corporation and NICHIREI Group’s subsidiary distribution company, Logistics Network.

Socially Responsible Investment

Since the announcement of the Principles for Responsible Investment in April 2006, fund management methods which evaluate companies in terms of ESG (E: Environment, S: Social, G: Governance) have come much more to the forefront than previously. In this context, a further expansion in Socially Responsible Investment (SRI) as the fund management concept for ESG evaluation has come into focus.

Management of More than 90 Billion Yen from Retail Investors, Pension Funds, and Others

Since the commencement of management of funds from a corporate pension plan in July 2003 and the launch of a publicly offered mutual fund for retail investors "Good Company" in December the same year, Sumitomo Trust has steadily expanded its lineup of SRI funds. In February 2004, we launched a fund for defined contribution pension plans, and in June 2006 we launched privately placed investment trusts for institutional investors.

As a result of these developments, we have steadily increased the amount managed in these funds to a total of 90.5 billion yen as of the end of March 2007 (an increase of 16.1 billion yen over the same period in the previous year). The SRI fund which accounts for the largest proportion of this amount, "Good Company," performed well and its accumulated sales have reached 53.8 billion yen. Regarding SRI funds for pension funds, the value of funds from corporate pension plans is now 27.0 billion yen and 64 companies have adopted SRI funds in defined contribution pension plans with a combined value of 1.4 billion yen.

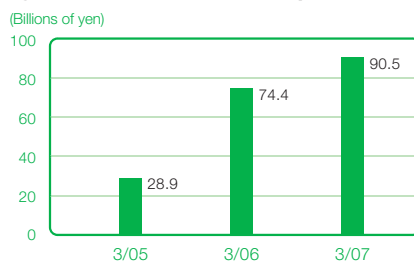
Achievement of Strong Performance through Independent Screening

Sumitomo Trust's SRI funds consider ESG factors and evaluate companies in terms of their engagement in CSR activities as well as evaluating the contribution of CSR to their financial return. The funds seek stable and high returns through active management. Stocks are selected by Sumitomo Trust SRI analysts and fund managers based on survey results compiled

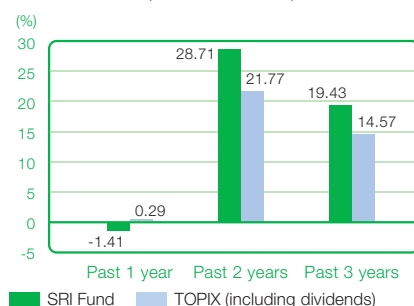
by The Japan Research Institute, Ltd.

The performance of the SRI funds has been outstanding. The fund for pension funds, which has the longest track record of our SRI funds, has outperformed the TOPIX index, a major benchmark for Japanese stocks, by more than 20% over the period since the establishment of the fund at the end of July 2003 (an annual percentage rate of 3.5%).

Balance of SRI Funds Managed by the Sumitomo Trust Group



Performance of the SRI Fund for Pensions (As of March 31, 2007)



Based on this strong performance, its risk control capabilities, and its superior research structure both in qualitative and quantitative terms, "Good Company" received the Outstanding Fund Award in the domestic hybrid funds category of the Fund of the Year Awards from the investment trust rating company Morningstar, for both 2005 and 2006.



Recipient of the Morningstar Fund of the Year Award for the second successive year

(Mutual funds carry various fees at purchase and at other times)

- Load: varies according to the amount of purchase, a maximum of 3.15% (3.0% before tax) of the price on the date of purchase.
- Redemption fee: none
- Redemption processing fee: a maximum of 0.1% of the price on the date of purchase, and a maximum of 0.5% of the value at redemption.
- Trust fee: a maximum of 2.1% (2.0% before tax) per annum of the net asset amount held in the fund.
- Other fees: overhead expenses charged to net asset amount such as brokerage fees and taxes related to transactions, fees required for futures & option trades, custody fees, audit fees (including consumption tax where required), and other expenses.

* For details, please read the prospectus for each mutual fund.

(Mutual fund risks)

Mutual funds are mainly invested in domestic and overseas equities and fixed income securities, real estate investment trusts, etc., either directly or through investment trust securities. The net asset values (NAVs) of mutual funds fluctuate depending on the price movements of their component equities, fixed income securities, real estate investment trusts, etc., and of fluctuations in exchange rates, among other factors. It is therefore possible that the NAVs will fall below principal value.

(Other important notices)

● Mutual funds involve risk. Performance varies due to the market environment. The NAV is influenced by fluctuations in the prices of component securities, and, in cases where foreign-currency denominated assets are components, also by fluctuations in exchange rates. As such there is no guarantee of principal preservation. ● When a purchase application is submitted, Sumitomo Trust provides a prospectus for the fund. We ask investors to read the prospectus and make an independent investment judgment. ● The risk of loss of principal is borne by investors. ● Mutual funds are not deposits, so they are not covered by the Japanese Deposit Insurance System. ● The mutual funds handled by Sumitomo Trust are not covered by any investor protection fund. ● Sumitomo Trust acts as a sales agent for accepting applications, while a management company manages the funds. ● This Report was produced by Sumitomo Trust and is not a disclosure document as stipulated in the Financial Instruments and Exchange Law.

(Information concerning the sales company)

- Trade name: The Sumitomo Trust and Banking Company, Limited; Financial Institution Registered (No. 5) with the Director General of the Kinki Finance Bureau
- Association memberships: Japan Securities Dealers Association (JSDA)
Japan Securities Investment Advisors Association (JSIAA)
The Financial Futures Association of Japan (FFAJ)

Products and Services that Contribute to Solving Society's Issues

The service of asset managers and administrators, which is one of the pillars of the trust business, and financial intermediation can be said to form an important contribution to society in itself. Naturally, Sumitomo Trust performs its responsibilities sincerely in undertaking its service, but in addition, we always question ourselves as to how we can contribute towards meeting and resolving the diverse needs and issues that arise in society. In so doing, Sumitomo Trust carries out “Contribution to Society through Business” by developing and providing new financial services.

Charitable Trusts

Charitable trusts are trust funds operated by trust banks on behalf of individuals and corporations (trustors) who wish to use their assets for specific public purposes. Sumitomo Trust established its first charitable trust in May 1977, and we have been entrusted with a total of 137 such trusts cumulatively as of March 2007.

Number of Charitable Trusts by Type

Type	Number of trusts under management
Scholarship	27
Promotion of natural science research	17
Promotion of human science research	3
Promotion of education	22
Social welfare	6
Promotion of arts and culture	9
Protection and propagation of animals and plants	1
Conservation of the natural environment	2
Development and maintenance of the urban environment	14
Promotion of international cooperation and exchanges	9
Other	3
Total	113

(As of March 31, 2007)

New Trust Fund: Iwai Hisao Memorial Miyagi Scholarship Fund, Iwai Hisao Memorial Tokyo Scholarship Fund

With a desire to have his assets benefit the fostering of promising young persons who would become future leaders of Japan to contribute particularly to the development of science and engineering which he believed to be vital for the country, Mr. Hisao Iwai contributed a total of 600 million yen to create two trusts of 300 million yen, one to benefit “promising human resources”

in his native prefecture of Miyagi and the other to benefit young persons in his adopted hometown of Tokyo. These trusts bequest a total of 30 million yen annually, and to date, this is the largest charitable trust Sumitomo Trust has received from an individual, both in terms of its size of bequests and asset balance with an initial contribution of 600 million yen.

Another newly established fund is the Research Foundation for Surgery in Commemoration of The 106th Annual Congress of Japan Surgical Society.

Omoiyari*1 Special Donation Trusts

In March 2006, Sumitomo Trust renamed its line-up of donation and will & inheritance trust fund products as the “Omoiyari” series, and we have been actively promoting these products including “Omoiyari Special Donation Trusts,” which take advantage of the structure of special donation trusts*2, as products that support handicapped persons financially by providing living will gifts.

*1 Omoiyari: “sympathy” or “caring” in English.

*2 Special donation trusts: trusts in which the money of family members or other concerned individuals is held in trust for the benefit of a seriously disabled individual. A trust bank dispenses money from the trust on a regular basis. Non-taxable up to 60 million yen.

Compilation of Database and Rating of Nursing Homes

With the aging of society and the increase of the population requiring nursing care, the significance of privately-owned nursing homes is greater than ever. However, services and fees vary depending on the facility, and problems have emerged such as false claims for nursing care benefits. Accordingly, there is a growing need for objective and fair standards for the choice among different facilities.

In response to such requests, Sumitomo Trust commissioned the Social Welfare Research Corporation to compile a database of approximately 1,400 fee-based nursing homes nationwide together with information of their operations to make possible the comparative review of these facilities. The content stored in the database includes “soft” information such as staffing and the reasonability of fees, “hard” information such as the site locations and descriptions of equipment at the facilities, and financial standing of the operators, along with rating information based on an original comprehensive evaluation of this data. Sumitomo Trust wishes to provide this information in a form that will be of help to its customers.

(Handling fees for special donation trusts)

○ During the profit calculation period, the trustee (Sumitomo Trust) will deduct an amount equivalent to 15/1,000ths of the principal per annum (or 8/1,000ths of the principal in the case that the investment is in government bonds) from the trust assets as a trust fee, in addition to an amount equivalent to consumption tax and local consumption tax payable in accordance with this trust fee. However, if the investment is made in the form of a designated money-in-trust beneficiary right (joint trust general account), for which Sumitomo Trust is the trustee, or of a deposit with Sumitomo Trust, no trust fee will be deducted. Any trust fees, expenses, taxes, and public dues will be defrayed from the trust assets.

(Risks involved in special donation trusts)

- In the case that assets entrusted as special donation trusts are invested in government bonds, local authority bonds, corporate bonds, or bonds issued by organizations as stipulated under special legislation, as the prices of these bonds are subject to fluctuation due to changes in interest rates, when a portion of these bonds are sold before maturity in order to provide beneficiaries with payments from the trust, there is a possibility that a loss of principal will occur. Moreover, there is a possibility that a loss of principal will occur due to deterioration in the credit status of the issuers of the bonds.
- If the investment is in the form of a designated money-in-trust beneficiary right (joint trust general account), there is a possibility that a loss of principal will occur in the event of the bankruptcy of the trustee. Similarly, if the investment is in the form of deposits or savings, there is a possibility that a loss of principal will occur in the event of the bankruptcy of the financial institution in which the deposits or savings are deposited or invested.

(Other important notices)

- Special donation trusts are performance-based products, thus any risks of a decline in the value of assets is borne by the customer.
- Fiduciary contracts pertaining to special donation trusts cannot be cancelled or terminated except in cases of reasons that are stipulated in the trust contract.

(Company outline)

○ Business name: The Sumitomo Trust and Banking Company, Limited
Address: 5-33 Kitahama 4-chome, Chuo-ku, Osaka-shi 540-8639, Japan

Participant Protection Trust

In accordance with the Law Concerning Book-Entry Transfer of Corporate Bonds, etc. which came into force on January 1, 2003, paperless transactions were expanded to include government and corporate bonds. Since January 2003, Sumitomo Trust has been the sole trustee of the Participant Protection Trust entrusted by Japan Securities Depository Center, Inc. (JASDEC), which was established for the protection of investors under this new transfer system.

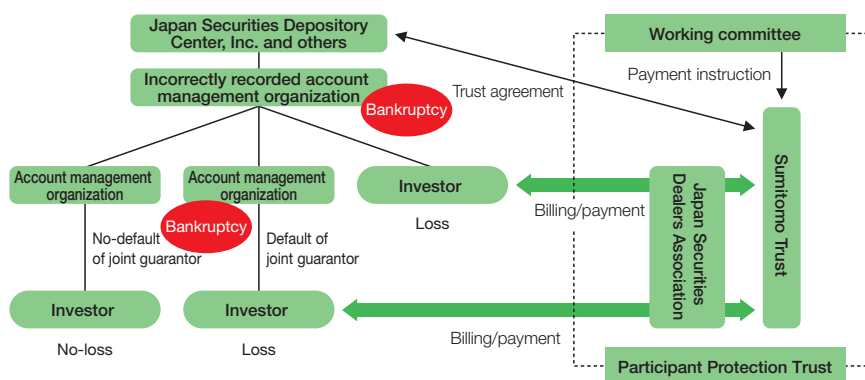
Under the transfer system, securities transactions take place as transfers between accounts which investors hold with banks and securities firms rather than as physical deliveries of securities. The Participant Protection Trust is intended to compensate investors in the event they incur losses from clerical errors in transfers and the

financial institution that caused the losses enters into bankruptcy without settling its obligations. The system is aimed at maintaining the trust of investors in the transfer system by reimbursing them for a certain amount of losses sustained.

In recognition of our track record as a

trustee of public trusts and our expertise in asset management, Sumitomo Trust was selected as the sole trustee of the Participant Protection Trust from among a number of trustee applicants. Recently this system is attracting attention as a new way of utilizing trusts.

Participant Protection Trust Mechanism



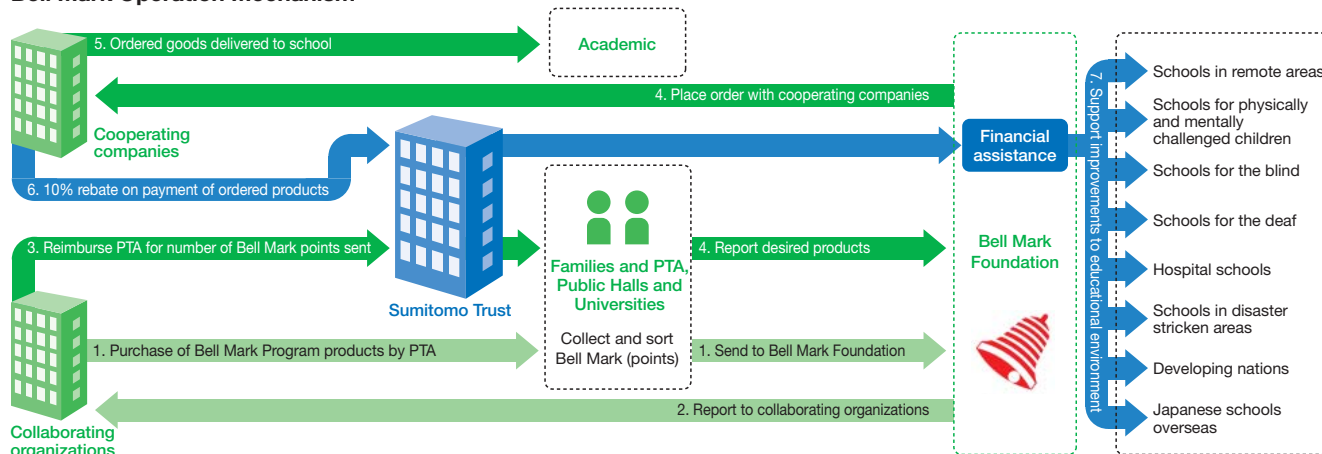
Support for the Bell Mark Movement

“Let the ‘bell of love’ ring for friends in Japan and overseas”—the Bell Mark Movement was launched in 1960 with the aim of helping schools in remote areas as well as in cities with educational materials and equipment under the symbol of a bell that stands for mutual cooperation. In this activity, Sumitomo Trust has been performing central administrative

functions such as handling the payments from collaborating organizations to PTAs (No. 3 in the figure below) and the transfer of financial assistance from cooperating companies to the Foundation (No. 6 in the figure below). The number of PTA accounts, which are frequently opened, modified and closed, totaled about 28,000 as of the end of March

2007 and the amount of clerical work involved in administering these accounts is enormous. However, as a strong supporter of the objectives of this activity, we have continued servicing this movement for 25 years as its sole disbursement agent. In addition, we handle financial aid transfer operations to disaster-stricken and other areas (friendship assistance).

Bell Mark Operation Mechanism



Path2

Enhancement of Corporate Brand

Sumitomo Trust is earnestly engaging in activities aimed at enhancing customer satisfaction, and in social contribution activities. We are also constantly reviewing the content of these activities and raising them to a new level, through dialogue with our stakeholders and verification in-house. Sumitomo Trust believes that these activities lead to Sumitomo Trust's customers having greater trust and satisfaction in dealing with us, and our employees having greater pride and satisfaction in working for us, and that in the end these factors culminate in the maximization of corporate value.

Progress and Results for Fiscal Year 2006

During fiscal year 2006, we worked to strengthen mechanisms to further enhance customer satisfaction and to make CSR activities in branches more rooted in local communities and valuable.

Establishment of the Customer Satisfaction Promotion Department

Sumitomo Trust established the Customer Satisfaction Promotion Department in June 2007 as a specialized department tasked with gathering a wide range of opinions from our customers and using those opinions as a starting point for improvements to management. The Customer Satisfaction Promotion Department reports the comments and suggestions of our customers to management and supports improvement plans at each department. It also plays a role in better product development and the provision of better services.

Efforts to Further Improve the Quality of CSR Activities in Branches

In the three years between its commencement of full-fledged CSR activities in fiscal year 2003 and fiscal year 2005, the Corporate Social Responsibility Office of the Corporate Planning Department has taken the lead in carrying out instructive activities designed to promote CSR activities in branches. For example it has run study meetings about CSR for all of the branches.

As a result of these kinds of efforts, CSR activities in branches have been improving year by year. There is an increasing number of

branches that earnestly consider what social contribution activities are truly necessary for the local communities to which they belong, and they apply for resources from the CSR Strategy Budget established by Sumitomo Trust to activate efforts in CSR and carry out proactive CSR efforts (in fiscal year 2006 there were 40 applications).

In response to this situation, in fiscal year 2006 we commenced a new effort aimed at achieving both acceleration of autonomous efforts of branches and further improvement of the quality of their CSR activities. Under the new effort a CSR Officer in the Corporate Social Responsibility Office supports the CSR activities of branches by giving each branch (branch general manager, CSR Committee members, and CSR Officers) advice regarding the long-term goals of their CSR activities and the CSR activities plan for the fiscal year they have formulated, as well as for all other aspects of their CSR activities.

Strengthening Partnership with our Stakeholders

We have further strengthened our partnership with our stakeholders. In addition to activities such as the invitation of NPO representatives to panel exhibitions and seminars held by our branches, in fiscal year 2006 we implemented new partnerships in which we cooperate with our stakeholders to actively promote common projects. For example, at a research workshop of the Trust Sixty Foundation*, we invited the Ecosystem Conservation Society-Japan, an environmental foundation, to receive proactive advice and jointly promote projects.

* Please refer to P.13 for more details about the research workshops of the Trust Sixty Foundation.

Comment

Comment from the Officer in Charge of Promotion

The Sumitomo Trust Group is aiming to be a "top quality trust bank group that puts the customer first." All of our officers and employees are engaged in CS (customer satisfaction) enhancement activities that put the satisfaction of our customers first and pursue the provision of the highest quality services.

In June 2007, we established the Customer Satisfaction Promotion Department in order to pursue further enhancement of customer satisfaction and continue the implementation of our efforts to earnestly take on board customers' opinions received by Sumitomo Trust and take advantage of them to make improvements to management. We have the philosophy that we are "working for our customers and we consider our customers' happiness to be as important as if it were our own" and so each and every employee of Sumitomo Trust aims to grow with the help of our customers. Our CS promotion activities are activities in which Sumitomo Trust has the intention of contributing as an institution of society to the building of local communities with high quality human relationships, which can be sure of peace of mind and trust.



Miyo Yajima
General Manager, Customer Satisfaction Promotion Department

Customers and Sumitomo Trust

—Efforts Aimed at Enhancing Customer Satisfaction—

The goals of Sumitomo Trust are to “build high quality human relationships with our customers in order to gain their satisfaction and trust” and for “each and every officer and employee, who interacts with our customers on a daily basis, to increase dignity and grow as a representative of Sumitomo Trust.” We are continuously working to enhance customer satisfaction.

1. Mechanisms of CS Promotion Activities

Sumitomo Trust is continuously improving and enhancing its management and the financial products and services we offer to our customers, through the PDCA (Plan-Do-Check-Action) cycle, which starts with checks of customer feedback.

(1) Check

We have taken efforts to get more customer opinions and suggestions, through “Voice of Customers” cards distributed in each of our branches, regular questionnaires submitted to retail customers who agreed to aid in monitoring (the CS Monitoring Survey), and customer satisfaction surveys of our corporate customers (Customer Questionnaires). In fiscal year 2006, we received a total of 150,687 feedback opinions.

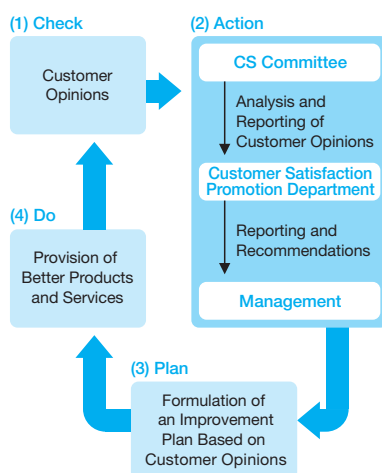
(2) Action and (3) Plan

The CS Committee at each business division studies and analyzes the opinions received to identify the causes of problems that occurred, studies problem areas and formulates detailed improvement plans. The Customer Satisfaction Promotion Department reports on these plans to management and supports the business division in their activities.

(4) Do

Through the repetition of processes (1) to (3), we incorporate the opinions and suggestions of our customers to make improvements, develop financial products that meet the needs of our customers, and offer better services.

The PDCA Cycle of our CS Activities



Topic

Establishment of the Customer Satisfaction Promotion Department

Sumitomo Trust established the Customer Satisfaction Promotion Department in June 2007. The Department gathers information about CS and the status of companywide CS efforts. Previously it was difficult to keep in step with CS promotion activities at each department and branch, but as an integrated CS management department, the new department has overall responsibility for companywide management and promotion of CS activities.

2. Results of CS Promotion Activities (specific examples)

The CS activities of Sumitomo Trust are bearing fruit in a variety of forms as actual products and services. We present some specific examples below.

Launch of TV de Sodan^{*1}

In November 2006, Sumitomo Trust commenced Consultation via TV, a service providing housing loan consultations using video telephony via the internet. This is the first time such a service has been offered by a Japanese bank. This service can be used through the internet anytime 24 hours a day, and it is unnecessary for the customer to go to a bank branch or submit any documents^{*2}, so people who are not able to go to a branch easily can consult with us conveniently.

^{*1} TV de Sodan: “Consultation via TV” in English.

^{*2} However, it is necessary to go to a branch and submit documents to sign up for the service initially.



Reduction of Waiting Time at Our Branches

Sumitomo Trust is making constant efforts to reduce the waiting time of our customers when they come to one of our branches. While we have successfully shortened the waiting time (for example, introduction of a reservation system for customer branch visits), data on the number of customers visiting all of our branches and the percentage of complaints about waiting time is shared among all branches. Also, mechanisms have been introduced for checking the status of measures to reduce waiting time at one's own branch, based on a Self-Diagnosis Chart.

Placement of Care-fitters at Branches

In 2004, Sumitomo Trust became the first company among major financial companies to place Care-fitters* at all branches. As of the end of April 2007, 68 holders of the Care-fitter certification are working in our branches to provide locations that elderly people or people with disabilities can visit with peace of mind.



The Care-fitter's Mark
of Reassurance

* A private qualification accredited by the Nippon Care-Fit Service Association, a nonprofit organization. Holders of this certification have acquired the care-giving skills necessary in the service industry, including the ability to provide basic assistance to blind people and help to people in wheelchairs when they come to the bank branch.

3. CS Training to Provide Touching Service

Customers who have experienced "satisfactory" service at Sumitomo Trust return and customers who have experienced "touching" service become supporters of Sumitomo Trust. At Sumitomo Trust, we are well aware that our business is the financial "service" industry, and we are focusing our efforts on CS training in order to educate our employees so that they can provide "touching" service.

Also, as the branch lobby is very important in raising CS, from fiscal year 2005 we have placed efforts in training for lobby staff. To date, 400 staff members have participated.

Implementation of Training which Studies the Services of Other Companies

Since 2005, one type of CS training which Sumitomo Trust has been implementing every year involves our employees experiencing the services of a theme park famous for its high customer satisfaction and learning from them. In May 2007, 144 new employees in the Retail Financial Services Division underwent this hands-on CS training.

In August 2006, we held a CS lecture for which we invited Mr. Noboru Takano, Regional Director of the Tokyo International Sales Office of the Ritz-Carlton Hotel, which is famous for its high CS evaluation, to be a guest lecturer. In addition, we implemented hands-on training to gain familiarity with the perspective of our customers, including inspections of department stores and fast food restaurants.

Topic:

Educational Video for Employees Receives First Prize in the ITVA-Japan CONTEST

In December 2006, an educational video produced by Sumitomo Trust for its lobby staff, entitled "Lobby Man Soichiro Shibusawa, Lobby Woman Yumi Manabe," received the top prize in the Inner Communication Category in the ITVA-Japan CONTEST 2006 held by ITVA (International TeleVision Association)*.

This contest for company videos has been held for 24 years. Many companies exhibit videos they produced in-house with a view to claiming the first prize. The Inner Communication Category in which Sumitomo Trust won first prize is for information communication tools aimed at people within the organization, such as in-house magazines and educational software. Entries are evaluated not only on the completeness of the images, they are also judged on their merits as a communication tool, with factors such as the environment in which they are used, their audio-visual mechanisms and achieved results, taken into account. Sumitomo Trust's video was highly praised for the fact that it was made in a way that would enable lobby staff to realize their own shortcomings by watching it, and this was the key factor that led to it being awarded the prize.

* ITVA (International TeleVision Association): a United Nations-approved organization which supports artists currently active in the television industry around the world. An NGO, major countries around the world, including the United States, the United Kingdom, and Germany have joined.



With You Activities (Social Contribution Activities)

At the companywide level and at the branch level, we aim to engage in a wide range of social contribution activities so that we may become a bank with a “recognizable face” to our customers and stakeholders alike. Under the banner of the catchphrase “With You,” Sumitomo Trust has been advancing such activities, and here we present the most notable of these efforts carried out recently.

Companywide “With You”

Announcement of the Winning Entries in the Fiscal Year 2006 “Love Letters at Sixty”

“Love Letters at Sixty” is an original project by Sumitomo Trust which aims to support the start of the second life of married couples who have retired. Husbands and wives write words of gratitude to their spouses on a single postcard. It has been very well received every year. In fiscal year 2006, we held the event for the seventh time and we again received a great number of entries (7,879), containing many moving messages in which the couples looked back on their lives together so far, appreciated their partner anew, expressed their feelings of gratitude to them and made genuine statements that only people who have been together so long can make. Sumitomo Trust has also collected winning entries and published them as a series of books. We are donating all of the royalties from the books to the NHK (Japan Broadcasting Corporation) year-end charity drive for domestic and international charities.



Implementation of “Pink Ribbon Campaigns” at All Branches



Continuing on from the previous year, in fiscal year 2006 Sumitomo Trust once again supported the Pink Ribbon Campaign which raises awareness of the importance of the early detection, diagnosis, and treatment of breast cancer, and each and every employee got involved in a variety of educational activities that they designed themselves. The lobby displays presenting these activities, which were displayed throughout the country, aroused interest among our customers in the lists of nearby hospitals offering breast cancer screening, which were drawn up by the branch staff on their own initiative. Furthermore, a total of 128 employees from all of the branches participated in Smile Walk, one of the Pink Ribbon educational activities. Sumitomo Trust will continue to support the Pink Ribbon campaigns.

Co-Sponsorship of the J-Leader Program

We want to help cultivate the next generation of leaders who will support Japan’s future and make a contribution to the world—the J-Leader Program (headed by the chair-

man of Nippon Keidanren, Mr. Fujio Mitarai) was launched in 2004 in response to this fervent desire of business leaders and local governments. Sumitomo Trust agrees with the objectives with which the program was established and has been co-sponsoring it since its first year. In the third year of the program, fiscal year 2006, 157 high school students selected from throughout Japan and 20 high school students and university students invited from China, South Korea, Hong Kong, and Thailand spent two weeks at a summer school where they studied and held deep discussions about Japan and the world. Every year we dispatch employees as “class teachers” and they play a big role as good discussion partners and mentors for the high school students.

Cooperation in “Work Schools”

In August 2007, we lent our support to a “Work School” program which gave high school and university students the opportunity to explore what it is like to be part of the working world. Led by Mr. Shinnosuke Honjo, the former vice president of Rakuten, Inc., the camp-style seminar welcomed 17 students who had the opportunity to interact with staff from Sumitomo Trust who participated in the seminar as management staff.

Contribution to Academic Research through Lectures at Universities and Graduate Schools

Since 2005, we have been holding the Family Business Study Lectures as endowment lectures at the Waseda University Nihonbashi campus. We have also been contributing to academic research by dispatching lecturers* to various universities and graduate schools. The following are campuses where

Sumitomo Trust has sponsored lectures to date (lecture themes are in parentheses): OSAKA UNIVERSITY (interest rate swap rates and investment behavior, socially responsible investment), Keio University (socially responsible investment), Waseda University (pension management), Nihon University (corporate finance theory), KYUSHU UNIVERSITY/Graduate School (finance), Yokohama National University School of Business (data analysis), Rikkyo University Graduate School of Business Administration (investment behavior of institutional investors), Sophia University Graduate School of Global Environmental Studies (environmental finance).

* Including adjunct instructors

Support for Writing Competition



Sumitomo Trust has been supporting the activities of the Japanese and Writing Education Research Institute (Director Toshihiko Miyagawa), which is involved in composition writing and expression training, since fiscal year 2004. In November 2006 we co-sponsored the First Composition and Speech Contest on Tax which was a great success. Participants presented unique compositions incorporating original ideas about themes such as "what if this kind of tax was introduced?" and "what if tax could be used in this way?"

We also supported the holding of a composition writing competition for local elementary and junior high school children in

Fuji City, Shizuoka Prefecture and Yamato city, Kanagawa Prefecture.

Co-Sponsor for Sumitomo Trust Tokyo Cup Youth Soccer Tournament



Sumitomo Trust has been co-sponsoring a soccer tournament for fifth graders in Tokyo, the Sumitomo Trust Tokyo Cup, since fiscal year 2004, in order to contribute to the sound physical and mental development of our children, who will support the future. Sponsored by the Tokyo Football Association, this tournament has a long history and this time was the 18th holding of the event. Preliminary rounds are first held in which winners are chosen from 16 blocks within Tokyo over approximately one and a half months. The finals tournament featuring the 48 teams that came through from the preliminary rounds was held in December 2006 and featured intense matches.

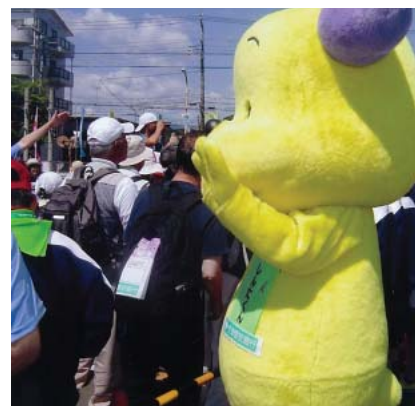
Support for the Sumitomo Foundation

The Besshi Copper Mine in Ehime Prefecture built the foundation for the various businesses of the Sumitomo Group. In 1991 we commemorated the 300th anniversary of the opening of the mine, and in order to show our feelings of gratitude to society Sumitomo Trust and the other Sumitomo group companies established the Sumitomo Foundation. The Sumitomo Foundation that provides assistance for research and projects in

fields such as fundamental science, the environment, culture, and international exchange, etc. In addition to donations, Sumitomo Trust dispatches staff and aids in the operation of the foundation.

Co-Sponsorship of the Hanno Shinryoku Two Day March

Sumitomo Trust co-sponsors the Hanno Shinryoku Two Day March primarily sponsored by Hanno City, Saitama Prefecture, the Japan Walking Association, and others. A total of more than 10,000 people participate in this event over two days, and it is the biggest two day march held in Japan. By co-sponsoring this event, Sumitomo Trust believes that it can provide an opportunity for participation in an activity strongly connected to health, which is a major interest of many customers.



Support for the 2007 Japan-China Cultural and Sports Exchange Year

Sumitomo Trust assisted in the promotion of exchanges between Japan and China by contributing to the 2007 Japan-China Cultural and Sports Exchange Year held in commemoration of the 35th anniversary of the normalization of diplomatic relations between the two countries.



2007日中文化・スポーツ交流年
関係を更なる一歩進めよう。

“With You” at Branches

“Corporate Forest” Tree-Planting Activities (Wakayama Branch)



Wakayama Prefecture is the proud home to Kumano Sanzan, a designated World Heritage Site, and is focusing its efforts on protection of the natural environment. Sumitomo Trust's environmental conservation activities in the prefecture include the creation of Sumitomo Trust's "Shintakun no Mori," in the mountains of Hidakagawa-chou in Hidaka-gun, as a part of the "Kigyo no Mori" (Corporate Forest) Project being promoted by Wakayama Prefecture. At Shintakun no Mori, we planted 1,900 *Quercus serrata*, *Sargentii*, *Acer palmatum*. In April 2007, approximately 100 people including our employees and their families from throughout Japan and local people related to the project came together to learn about the importance of protection of forests and carried out a tree-planting event with the earnest hope that the forest would thrive in the future. Sumitomo Trust plans to continue to nurture the forest over the next ten years and our employees and their families will participate in underbrush clearing and other forest maintenance work every year and carry

out environmental conservation activities while spending time with the local people.

Provisional calculations show that a cumulative total of approximately 300 tons* of carbon dioxide will be sequestered by Shintakun no Mori (0.75ha) over the next 100 years.

* This figure is a provisional estimate calculated using Wakayama Prefecture's unique certification system established in April 2007.

Mt. Fuji and Tama River Clean-Up Events (Kofu, Shizuoka, and Sagami-Ohno branches, Financial Business Promotion Department)

Sumitomo Trust is continuing its clean-ups of Mt. Fuji (in the Aokigahara Sea of Trees area) as a companywide voluntary activity. The staff of the Kofu and Shizuoka branches, respectively, is taking the lead for this event. The second holding of the Clean-Up Event in September 2006 saw the participation of 134 people from branches and departments throughout the country and in a clean-up lasting approximately two hours they collected approximately a ton of garbage including empty cans and plastic bottles, etc.

In March 2007, we commemorated the first anniversary of our business and capital alliance with Yachiyo Bank by holding a Clean-Up Event of the banks of the Tama River as a joint event of the two companies.



On the day of the event a total of more than 200 employees from both companies gathered together and participated in a Clean-Up Event lasting approximately two hours. The Sagami-Ohno Branch is proactively engaged in activities to protect the Tama River. For example, it also participates in the activities of the Tama River Eco Museum Promotion Committee, an NPO which also cooperated in the running of this Clean-Up Event.

Support for a Campaign to Attract Tourists to Noto (Kanazawa Branch)



In March 2007, a magnitude 6.9 earthquake struck the Noto Peninsula in Ishikawa Prefecture. For the Noto Peninsular region, which relies on income from tourism to support the local economy, this earthquake brought a lot of suffering in the form of decreased numbers of tourists.

Sumitomo Trust, under the leadership of the Kanazawa Branch, has supported a campaign to attract tourists to Ishikawa Prefecture by running the Noto Peninsular Reconstruction Support Campaign at approximately 12 branches in the Tokyo, Osaka, and Nagoya regions. The campaign includes lobby displays of Noto Peninsular tourist information and lottery prizes such as vouchers for accommodation in Noto and

locally-made products, given to customers who make a deposit during the campaign period. Sumitomo Trust hopes these activities can contribute in some small way to the revitalization of the local economy and communities.

Holding of the “Fureai Kirameki Concert” (Himeji Branch)



The Himeji Branch has been supporting local welfare workshops for the disabled since 2004. The goal of the support is to make the welfare workshops and their handmade crafts known to a greater number of people. The activities began with the collection of empty milk cartons (the raw materials for handmade postcards produced at the welfare workshops) and have since widened to include classes on and lobby displays of illustrated postcards made from handmade paper, purchase of the welfare workshops' handmade crafts, and their distribution to our customers as gifts.

In the summer of 2006, we sponsored the Fureai Kirameki* Concert which featured people from the welfare workshops for the disabled, local high school students, and bands from the local area performing together, and nearly 200 people attended. The handmade crafts of the welfare workshops for the disabled that were offered for sale at the concert flew off the shelves, and the song in sign language presented by all of the Himeji

Branch employees at the end of the concert was very well received. Sumitomo Trust intends to continue these activities, through which people support each other and make connections with each other, for a long time.

* Fureai Kirameki: “Sparkling Communication”

Implementation of Support Activities for Guide Dogs (Osaka Business Department, Ibaraki Branch)



In fiscal year 2006, the Osaka Business Department and the Ibaraki Branch carried out activities in support of the Guide Dogs Support SHOP, which sells guide dog charity products and is operated by the Japan Guide Dog Association*¹ and the Guide Dog Support Center*². The lobby displays presenting the activities of the association and branch staff wearing charity T-shirts they purchased at the Support SHOP were very appealing to our customers, and the Guide Dog Support Center expressed its gratitude and displayed photographs of our panel exhibitions and lobby displays on its website.

*¹ The Japan Guide Dog Association received the authorization of the Ministry of Health, Labour and Welfare in 1967, and is the first guide dog training organization established in Japan.

*² The Guide Dog Support Center is a voluntary organization which trains guide dogs and offers support to users of guide dogs. It was established in 2004.

Support for Japanese Language Courses at Eton (London Branch)



Aiming to promote international exchange between England and Japan and make a contribution to local communities, Sumitomo Trust donated one million pounds (cumulative total for the period 1990-1994) to Eton College, one of the United Kingdom's most prestigious public schools, through our London Branch. The school has used these donations to establish Japanese language courses. The number of students studying Japanese at the school has steadily increased and in 2006 – 2007, 31 students completed Japanese language courses with excellent grades. As a result of their experience of taking these courses, some of the graduates have gone on to continue their studies of Japanese and Japanese culture at university as well. These donations from Sumitomo Trust have been utilized for a variety of other activities too, including exchange programs with Japanese high schools and the invitation of Japanese teachers to teach at Eton, etc., and that school has expressed its gratitude to Sumitomo Trust.

Implementation of Exchange Programs with Schools for Children with Disabilities (Shanghai Branch)

The Shanghai Branch has commenced its own unique social contribution activities out of a desire to express thanks for the second anniversary of the opening of the branch, continue contributing to the local community, and grow together with it. As the first of its social contribution efforts, in March 2007 the branch held an exchange event with the school for children with disabilities that is nearest the branch. On the day of the event, the branch staff worked together with the teachers and students to clean up the school yard, planted trees featuring the most famous flowers in Japan and China, the cherry and the orange osmanthus, and flowers used for making flavored tea, and presented the students with Sumitomo Trust original greeting cards so that they could send them to their caregivers and other people who have helped them on a daily basis.



“With You” at Affiliates

Donation to the “Chuo-ku Forest” (Sumishin Guaranty Company Limited)

Sumishin Guaranty Company Limited conducts credit guarantee operations for housing loans. In commemoration of the 30th anniversary of its founding, as a business that uses a large amount of paper and so has a deep connection with forest resources, and out of gratitude to Chuo-ku in Tokyo, the location of its head office since its founding, Sumishin Guaranty Company Limited donated one million yen to the Chuo-ku Forest project. Under this project Chuo-ku has designated a part of a private forest in Hinohara-mura, Nishi-Tamagawa-gun the “Chuo-ku Forest” and is engaged in forest conservation activities with a view to combating global warming.

Holding of Computer Classes for the Elderly (Sumishin Information Service Company Limited)

Sumishin Information Service Company Limited supports the information systems of Sumitomo Trust. It holds regular computer classes for the elderly in the area of its head office (Fuchu City, Tokyo) as CSR activities for using the information technology it possesses for the local community. In 2006 it ran a two-day course in the South Fuchu Community Association Hall, and approximately 25 people belonging to the community association attended. The participants were extremely happy about the easy-to-understand explanations provided in the course and the community association sent Sumitomo Trust a letter of thanks.



Donation of 1,500 Sets of Clothes to Africa (Sumishin Realty Company, Limited)

Sumishin Realty Company, Limited engages in real estate transaction services. It is participating in the One Box of Clothes per Household Campaign (a campaign to send unneeded clothing to Africa) of the volunteer organization Motherland Academy International* and in November 2006 it donated 1,500 old uniforms belonging to female employees to Africa. When making the donation, Sumitomo Realty also paid the cost of sending the clothes and raised funds within the company to help run the Academy. Sumishin Realty plans to continue engaging in social contribution activities in the future.

* Motherland Academy International is a volunteer organization which aims to communicate the preciousness and equality of life to children through actions. It is involved in the establishment of private aid routes, digging of wells, tree planting, learning activities, agriculture, the distribution of emergency provisions, etc., in the countries in the Sahel Strip in Africa (a drought-stricken region in the southern Sahara Desert), which are designated as among the poorest countries in the world by the United Nations. Motherland Academy International develops these activities with the cooperation of children in Japan and Africa.

Environmental Problems and the Role of Financial Institutions

For this dialog we invited three men well versed in environmental problems to give their full and frank opinions regarding the role Sumitomo Trust should play in the solution of environmental problems. They are the Office Director of the Ecosystem Conservation Society-Japan, Mr. Takeshi Seki; the CEO of CSR Design & Landscape L.L.C., Mr. Hiroki Hiramatsu; and a Director at Arata Sustainability Certification Co., Ltd., Mr. Ryoji Terada.

* From Sumitomo Trust, the General Manager in charge of CSR in the Corporate Planning Department, Tsukasa Kanai, and the Team Leader of Appraisal Team 1 of the Real Estate Appraisal Section in the Real Estate Consulting Department, Masato Ito, also attended the dialog.



The Role of Financial Institutions is to Provide Incentives

Terada: If we divide people into those who are aware of environmental problems and those who are not, and further divide those who are aware into those who take action and those who do not, then it is unsurprising to learn that people who are not aware of the problems and those who are aware of them but take no action make up the majority. Given this situation, the role we expect of financial institutions is to bring environmental problems into the marketplace. I would like them to fulfill the role of encouraging people who do not take action on environmental issues because they place their priorities on convenience or value for money to be aware of environmental problems.

Sometimes the government takes the lead in launching projects related to the environment and sustainability but is unable to attract people or money to those projects—and it is at these times that financial institutions need to act as the mechanism that facilitates the process. Sumitomo Trust has been aware of this role from an early stage and is making actual efforts in this area.

Seki: Providing incentives, or exacting penalties—in a capitalist economy these are the two things which are effective in motivating people to take action. Regarding the first of these options, I have big expectations of financial institutions. Their role is to build mechanisms that will shift people's focus toward environmental problems.

Hiramatsu: Incentives, put in a different way, are market-driven forces. Financial institutions are connected to the market so they are in a position where they can operate as market-drivers. Sumitomo Trust is making strong efforts that could change the direction the world is going in. For example, its loans for environment-friendly housing based on its environmental rating system. I think Sumitomo Trust is giving the initial impetus to the solution of environmental problems in the world of financial intermediaries.

Aim for CSR which does not Rely on “Belief” or “Passion”

Terada: Whether or not the company can continue its CSR activities in future even if it is struggling financially—a situation which might occur at some point—will be one litmus test for Sumitomo Trust's CSR activities. In such situations, the problem will be how to make adjustments to reconcile the conflicting needs of the company's activities as a corporation aimed at increasing the profits of its shareholders and its CSR activities, and the time lag between the benefits of CSR, which are gained in the long-term, and short-term business performance.

Kanai: As a corporation and as a bank, we are constantly under pressure to assign the order of priorities to initiatives. Environmental finance projects are not necessarily high priority in terms of profitability. Given this, I think that if we want to promote environmental finance it is important to have the vision to see that this theme will become a promising market in the medium to long-term, and have the strong “belief” and “passion” needed to realize that vision.

Terada: Certainly many CSR activities are motivated by emotional factors such as “belief” and “passion,” but I would like to see Sumitomo Trust, which is incorporating CSR into its business, use methods which are less reliant on these kinds of emotional factors—specifically, I would like you to work on building mechanisms for selecting CSR financial projects which are backed by numerical calculations and indicators. This will no doubt be very difficult but I think it will be important if Sumitomo Trust is to be a strong company in ten or twenty years.

Focus on the Essential Characteristics of Projects and Make More Serious Efforts

Terada: In addition I would like banks to very carefully study the essential characteristics of the projects of the entities to which they loan money. If they have to choose between two environmental finance projects, for example, an energy conservation project or an energy conversion project, which one will they lend the money to? No doubt there are many different cases which can arise, but looking at it in terms of essential importance and given that the goal is to work toward the solution of environmental problems, I think it is clear that the energy conversion project is the better one.



Mr. Ryoji Terada

Director
Arata Sustainability
Certification Co., Ltd.

Kanai: Currently, trading of emission rights is gaining a lot of attention as a means of achieving greenhouse gas reduction targets. However, there is the possibility that this will result in a moral hazard situation in which companies will just purchase emission rights and stop making any efforts to reduce emissions because purchasing the rights is cheaper and easier than energy conservation or energy conversion. Utilization of emission rights through the Kyoto Mechanisms is essential in achieving our targets under the Kyoto Protocol, but I feel that we must also consider carefully what is in the national interest when we act.

Terada: That is an extremely important point. Trading of emission rights is a useful economic mechanism for minimizing the costs of emission reductions but efforts to reduce emissions are more essential to CSR. If Sumitomo Trust is really serious about this issue then it should place more importance on the reduction of emissions than on the trading of emissions in its project activities.

Kanai: Precisely because they are so influential there is a possibility that financial institutions will accelerate bad directions. So it is necessary to use backcasting—in other words focus on the situation we want to get to and think about what we must do in order to get there. However, it is often the case that we ourselves do not understand very well what is correct. We are obtaining hints about how to approach these issues and how to assign priorities in conversations with our stakeholders.

Seki: There are many correct answers. Some of these correct answers are inconsistent with each other. There are many yardsticks but the one which should be given the top priority is “sustainable society.” I think that is the true value of CSR.

Awareness of Protection of the Ecosystem is Extremely Low

Hiramatsu: I constantly think that even more than energy conservation and energy conversion, today’s environmental problem is that of the use of land. How should the Green Corridor^{*1} be connected—if one thinks like this regarding environment-friendly evaluation of real estate, we arrive at the concept of biodiversity.

^{*1} Green Corridor: a campaign to prevent the extinction of animals by connecting their respective habitats with a green belt which the animals can move along so that their individual habitats do not become isolated. In order to solve the problem in cities—more green areas are being established but fauna are lacking vitality and few in number—the challenge now is to carry out greening in the form of bio-corridors (traveling routes for animals) to connect the green and natural areas scattered throughout the city, and to connect them with the abundant nature in the suburbs, to form an ecosystem network.

Seki: The more diverse evaluation standards become, the more difficult it becomes to decide how to carry out a comprehensive evaluation of environmental considerations. For example, in CASBEE^{*2} there are nearly 100 evaluation items. It has been pointed out that the perspective of biodiversity is important but how would you evaluate a building if its heat insulating properties were good but it scored zero for biodiversity? If a school student scored 100 on a test for arithmetic but zero on an important Japanese language test, is it appropriate to calculate an overall evaluation by simply adding these scores and dividing by two to get 50 percent? I think there are problems like this.



Mr. Takeshi Seki

Office Director
Ecosystem Conservation
Society-Japan

^{*2} Comprehensive Assessment System for Building Environmental Efficiency (CASBEE) program: a method for evaluating and rating buildings on their environmental performance, and was developed in 2001 under the leadership of the Ministry of Land, Infrastructure and Transport by a committee set up at the Institute for Building Environment and Energy Conservation.

Itō: We think every day that we would like to find a way to have environmental considerations reflected in the value of real estate, but awareness of ecosystem protection and biodiversity is extremely low. Everyone is aware of themes such as energy conservation and CO₂ reduction, and our customers understand that energy conservation will increase the value of their real estate because it leads to the visible result of cost reduction. If we talk about how we are protecting the ecosystem in this way however, or we are developing high quality green areas, it does not seem to mean a great deal to them.

Seki: That is partly because we have not done a good enough job of explaining it but I think that another factor is the difficulty of understanding the concept of “ecosystem” itself.

The 1992 UN Conference on Environment and Development (the Earth Summit) addressed the problem of resources and global warming, and ecosystem problems, and it was here that the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity were signed and entered into force.

Regarding the first of these treaties, CO₂ emissions can be quantified so it was easy to set emission reduction targets. It is difficult to quantify biodiversity however, so the debate on that subject is still continuing even today. The ecosystem is a system problem, which cannot be separated from the global warming problem or the ozone layer problem so it is complex. "Ensuring biodiversity" was suggested as an indicator that would make ecosystem protection easier to understand but that approach is still not going well. In our Society, we are currently developing an evaluation method called HEP^{*3} so that it can be used in Japan. I think that if we can quantify biodiversity more accurately policies in this area will make better progress.

^{*3} Habitat Evaluation Procedure (HEP): a method for quantifying the biodiversity value of land and other real estate.

Expectations of Activities to Raise the Value of Real Estate in an Overall Area

Ito: Among financial institutions, trust banks are particularly involved in the purchase, sale and effective utilization of real estate, real estate securitization, and real estate appraisals. I think that because we are involved in these areas, the role expected of us is to correctly evaluate and propagate the added value that is generated by considering the environment. Ensuring a Biotope Network^{*4} is one part of that.

^{*4} Biotope Network: a series of connected biotopes (spaces in which living things can live, living places).

Hiramatsu: It would be extremely good if you went that far. It has already been demonstrated in the United States that REITs based on real estate that has obtained ENERGY STAR and Green Building LEED certification^{*5} perform better. If we can realize these results in Japan as well at some point, I think everyone's attitudes will change quite dramatically. New urban planning which increases the environment-friendliness of individual buildings, connects them like a corridor to public green spaces such as parks and riverbanks, and thus ensures biodiversity can be turned into economic



Mr. Hiroki Hiramatsu
CEO
CSR Design & Landscape L.L.C.

value. I want you to fully include this kind of environmental value in your calculations when doing real estate appraisals.

^{*5} ENERGY STAR: a program promoted by the United States Environmental Protection Agency (EPA) which aims to reduce the power consumption of electrical equipment.

Green Building LEED (Leadership in Energy and Environmental Design) certification: third party certification and rating by the U.S. Green Building Council of buildings and development projects taking into consideration reductions in their environmental impact.

Ito: Previously we have only considered items such as energy conservation within individual pieces of real estate (buildings) but in the future it will be necessary to begin our thinking with the question "How can we increase the value of the overall area?"

Hiramatsu: Sumitomo Trust has a large balance managed in SRI funds but when it comes to selecting objects for SRI investment I would like you to move away from your former approach relying on questionnaires and instead think about "the next move." There are many investors who invest money because of their desire to protect forests and water resources and who want to put their own savings and investment funds to good use in some way. I would like you to follow up on your current blue-chip SRI funds by developing the "Next SRI."

Terada: Certainly, profit-earning real estate is not the only target for investment. Looking ahead ten or 20 years, I think that the continued existence of natural areas with no human presence in itself might have value, particularly for Japan which is aiming to be a major tourist destination. It would be good if there were nature funds and securitization products for this concept. Of course once it comes to this there are aspects which Sumitomo Trust cannot achieve on its own so it will be necessary to also mobilize business associations and other groups.

Kanai: We cannot deny that we still have a lot to learn regarding how to cut to the heart of environmental problems and at the same time build our market. However, we want to continue to challenge ourselves in this area. Currently in our corporate foundation Trust Sixty Foundation we are running two research groups related to environmental issues and finance and we intend to make the research results fully public and enable other financial institutions to use them as well.

Thank you all for coming today.

Path3

Better Human Resources Management

Human resources constitute a valuable social capital that forms the foundation for the sustainable development of society. At Sumitomo Trust, through human resources management that brings out each individual's potential to the maximum and contributes to their personal growth we strive to achieve our company's own growth and improve its corporate value, and also strive to create and nurture human resources that make a real contribution to society. In order to realize this goal, we will make every effort to improve our personnel system and build a workplace environment that will enable each member of our staff to grow and achieve self-realization.



Progress and Results for Fiscal Year 2006

In order to help build a personnel system and create a workplace environment that will allow both the company and its employees to grow in a sustainable way, during fiscal year 2006 we implemented a Support Program for the Next Generation and established the Human Resource Development Committee.

Award of the Next Generation Certification Seal "Kurumin"

In April 2007, based on Article 13 of the Law for Measures to Support the Development of the Next Generation, Sumitomo Trust was recognized as a "Standards-Compliant Private Sector Employer" due to planned targets being met, and was awarded the Next Generation Certification Seal (nickname: Kurumin).

The Law for Measures to Support the Development of the Next Generation came into effect in July 2003 with the aim of creating a sound environment for bearing and raising children. Sumitomo Trust has invested in promoting the expansion and operation of its system for supporting employees to bear and raise children as a means of discharging its social responsibility as a corporation in proactively engaging in the issue of raising the next generation, as well as establishing an environment in which the human resources that support the company's sustainable growth can demonstrate their full potential.

Specifically, we have developed an Action Plan* to help employees to balance work and personal life, consisting of (1) introducing a staggered working hours system for the use of employees raising children below elementary school age, (2) conducting "Go-Home-Early" month and "Leave-the-Office-on-Time" week promotions

to reduce the amount of overtime.

Going forward, Sumitomo Trust will work to establish a workplace environment that encourages its employees to achieve a good balance between work and personal life.

* Action Plan period: April 1, 2005 ~ March 31, 2007



Next Generation
Certification Seal
"Kurumin"

Establishment of the Human Resource Development Committee

As a means of promoting human resource nurturing on a companywide basis, Sumitomo Trust established the Human Resource Development Committee, comprised of the President & CEO, Group Presidents for each business division, and the Directors in charge of the Corporate Planning Department and Personnel Department, in fiscal year 2006. Through this committee, we analyze the present situation and the tasks involved in human resource nurturing, and study a variety of themes such as nurturing younger and middle-ranking employees, specifics of on-the-job training and management, and increasing the usage of women by delving into policies for individual issues.

Among the items studied by this committee during fiscal year 2006, we put the following initiatives into practice: (1) management training for branch/department general managers and team leaders, (2) full-scale development of teamwork training, (3) a partial review of human resource evaluation operations, (4) strengthening of training for new recruits, (5) improvements in the support system for mid-career hires, and (6) strengthening of business manners.

Comment

Comment from the Officer in Charge of Promotion

The ultimate source of Sumitomo Trust's competitiveness lies in our personnel, who possess high-level expertise as well as a wide range of abilities. Each of our employees satisfactorily displays their abilities in the course of their work and actually feels their own growth, which results in the growth of Sumitomo Trust itself, and culminates in making a valued contribution to society.

Based on this understanding, in our human resource management we place a strong emphasis on respecting the personality of our employees, promoting self-transformation, and improving human resource assignment as well as our human resource development program in a way that values each employee's abilities and personality.

With regard to the workplace environment, we are increasing our organizational power by promoting open dialogue and emphasizing the maintenance of a free and open-minded office environment where all of our employees can make use of their creative abilities. In addition, we are aiming to realize a workplace in which employees can demonstrate their accomplishments by making use of their abilities and personality regardless of gender, and we are further improving our measures to support a good balance between work and personal life.



Toshiya Nishino

General Manager,
Personnel Department

Employees and Sumitomo Trust

In order to foster a workplace environment in which each and every employee can grow to achieve self-realization, Sumitomo Trust is proceeding with its policy of operating a fair and open personnel evaluation system, improving the human resource nurturing program, recruiting and supporting female staff, and promoting various ways of working that make it easier to achieve a good balance between work and personal life. In this section, we introduce some examples of these endeavors.

Bringing Out Each Employee's Potential to the Fullest

Basic Philosophy Concerning Human Resources

People with a high degree of diversity and expertise in running banking, trust, and real estate operations, together with the ability to provide consultation and conduct product development in response to the needs of each and every customer—at Sumitomo Trust, we consider human resources who possess these strengths to be the pillars that support our management.

Sumitomo Trust has established the “Personnel System: Basic Philosophy” and “Principles of Conduct of the Personnel System” (both detailed below), and we are implementing their provisions in all processes from recruitment and nurturing to human resource deployment assignment, evaluation and treatment of our employees.

Personnel System: Basic Philosophy

1. Respect each employee and provide a supportive working environment that expands “choice” and allows each individual to manifest the strengths he or she possesses.
2. Foster a group of “true professionals” able to fully compete in the external marketplace.
3. Align compensation with the business strategies and attributes of different business groups and promote the development of strategic planning.

Principles of Conduct of the Personnel System

1. Respect individuality

Sumitomo Trust aims to elicit each employee's maximum capabilities by actively supporting an employee's self-directing career path development while at the same time ensuring optimal human resource deployment, and offering guidance and training upon careful consideration of individual capabilities and attributes.

2. Promote self-reliance and the will to take on challenges

By proactively supporting employee's self-reliance and will to take on challenges, Sumitomo Trust aims at being a body of professionals with a strong sense of confidence in their ability to provide customers with optimal added-value. They accurately understand and take to heart Sumitomo Trust vision, and remain keenly aware of their roles in it, and do not give up until they achieve results, and continue to actively accept challenges, even after achieving the desired results.

3. Encourage open, interactive communication

Sumitomo Trust encourages open, interactive communication to foster an atmosphere of cohesiveness and cooperation surpassing “bias” such as sectionalism and rank-consciousness.

4. Provide fair evaluation and feedback

In addition to fair evaluation of each employee's achievements and capabilities, Sumitomo Trust uncompromisingly provides convincing feedback, thereby instilling an employee's motivation to achieve further growth.

Steps in Employee Career Formation and Human Resource Nurturing

Flowchart of Personnel Training



1. Recruitment and Hiring

In response to the fact that increasing numbers of job seekers gather career information and conduct job searches via the Internet, we carried out an overall renewal of our recruitment website in October 2006. Ingeniously designed to allow visitors to gain an introduction to the business divisions of Sumitomo Trust and its employees from a variety of angles, the revamped website features items like employee interviews and Personnel Department staff weblogs so that the viewers can visualize the reality of employee life more closely. This renewal has yielded rapid results, with, for example, approximately 30,000 people applying via the website during the 2007 recruitment period.

Moreover, Sumitomo Trust makes an active effort to recruit experienced people including those with highly professional expertise

(mid-career hires). In fiscal year 2006, we hired a total of 367 new staff, mainly for work in the Retail Financial Services Division providing services such as asset management consultation.

We also offer a short-term internship program for students. In fiscal year 2006, 317 undergraduate and graduate students participated in programs developed autonomously by each business division to experience our workplace firsthand.



Our Recruiting Website

2. Human Resource Deployment Assignment Career Path Selection

Sumitomo Trust has abolished its former work system (career track, general clerical, etc.), under which the career path framework was essentially determined when an employee joined Sumitomo

Trust. Since October 2003, we have followed a new career system whereby individual staff can choose their career path flexibly on their own initiative and commitment.

All Careers and Roles, etc.

Careers Name	Business Divisions	Roles to be Expected in the Future	Work Locations
P Career (Professional Careers)	Not specified	Undertaking management of entire company and all divisions	Not specified (possible transfers between locations)
D Career (Division Careers)	Specified, in principle*	Undertaking management of entire company or specified divisions	Varies by division
E Career (Expert Careers)	Not specified	Manager class	Specified (Around employing division, in principle)

* In consideration of the employee's career path, it is possible for an employee of this path to be transferred to another business division for a certain period of time on the premise of a return to the original business division.

Work Group System

This system is common to all career paths and consists of four work groups—associates, managers, leaders, and senior leaders. Workers are placed into these groups based on demonstrated capabilities. By adopting this system, we encourage fair competition based on ability, rather than seniority or gender.

Internal Job Posting System

We have initiated an internal job posting system to encourage our employees to voluntarily shape their own careers. Under this system, during semi annual campaign periods, applicants can apply

directly to the Personnel Department. If the applicant passes screening, they can be transferred to their desired position or division. Over the past three years, approximately 150 employees have made use of this system.

Results for the Use of the Internal Job Posting System

	Number of Applicants	Number Accepted	Percentage of Accepted Applicants
FY2004	71	44	62%
FY2005	96	55	58%
FY2006	77	44	58%

3. Training and Development

Training System

At Sumitomo Trust, we base our personnel development on on-the-job training, while at the same time placing an emphasis on the expansion of training programs such as group training aimed at the improvement of professional skills and management abilities.

In fiscal year 2006, from the standpoint of further strengthening our organizational power, we introduced management training for branch and department managers and team managers. We also introduced teamwork training, in which staff participate as team units and learn about teamwork and leadership through business games and discussions. In new employee training as well, we have reinforced our content by improving trainees' compliance and basic knowledge needed as bankers via a largely expanded curriculum.

In addition, each business division has also developed unique training programs, such as the "Retail Open Academy" in the Retail Financial Services Division and the "Skill-up Training" in the Fiduciary Services Group.

4. Evaluation

Personnel Evaluation System and Appointment

At Sumitomo Trust, we introduced a personnel evaluation system in 1997 that allows individual employees to participate in the evaluation process, as we strive to become "an aggregate group of employees each of whom takes the initiative to create his or her own career path and whom pursues self-improvement persistently." Our personnel evaluation system is based on the following four points: (1) determine compensation based upon a fair evaluation of an employee's assignment and performance; (2) grasp each employee's status and level impartially and accurately at the time of evaluation so as to benefit his or her personal improvement; (3) evaluate each employee's performance in close relation to management objectives, issues and goals of Sumitomo Trust, business divisions, branches and departments, sections, and teams; and (4) enforce merit-oriented evaluation for all.

The PDCA Cycle in Personnel Evaluation and Nurturing

At Sumitomo Trust, employee evaluation is conducted according to the following cycle:

- Plan: At the beginning of the term, each employee sets tasks that he or she is going to tackle during the term, and reaches an agreement with his or her supervisor concerning these tasks.
- Do: With the aim of successfully completing the tasks, the employee acts creatively, and the supervisor provides support as necessary.

Check: At the end of the term, the employee looks back on the achievement status and the supervisor makes an evaluation based on this.

Action: The evaluation results are fed back to the employee from the supervisor, and the results will be utilized in the next cycle.

Under this PDCA cycle, evaluation is utilized to help each employee foster a sense of being a central player and a feeling of responsibility through making a commitment to achieve goals on his or her own initiative and acting creatively to complete the task. Furthermore, if the employee has been unsuccessful, he or she has accepted the result sincerely and will utilize the experience in future improvement.

Promoting a More Employee-Friendly Workplace Environment

Aiming at an Improved Work-Life Balance

Sumitomo Trust is also emphasizing the establishment of a workplace environment in which employees can work with ease of mind while maintaining a good balance between work and personal life. We offer a variety of programs designed to support employees in the form of long-term medical leave and leave compensation in the case of an eventuality such as sickness or accident, and support in a variety of other ways.

To make it easier for staff to cope with childbirth and child raising, we have created an environment that makes it easy for employees to take up to two years leave, and to work flexible hours during the period before their children begin attending elementary school. During fiscal year 2006, a total of 42 employees took child raising leave.

Moreover, for employees with family members who require nursing care, we offer a nursing care leave system that provides up to one year's leave. In ways such as these, Sumitomo Trust is giving consideration to its employees' families, too.

Improving the Workplace Environment

Sumitomo Trust is conducting a broad range of initiatives to improve the workplace environment with the aim of safeguarding the health, comfort, and affluence of its employees and their families.

We began specific operations concerning workplace environment improvement from April 2006, and we have proceeded to reduce the level of overtime by carrying out thoroughgoing work efficiency and time management measures. In addition, we have attempted to minimize the total hours worked by encouraging employees to take long holidays and by conducting promotions such as "Go-Home-Early" month and "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 health managers and medical and occupational health specialists (health promoters)* at each of our business locations to provide well-considered health management guidance. Moreover, we provide health examinations for all of our employees every year, while branch and department managers receive yearly comprehensive physical examinations. We also provide assistance to employees and their families around Japan to enable them to receive comprehensive physical check-ups at facilities nationwide through the Sumitomo Trust Health Association.

To provide our employees with further health management assistance, we arrange mental health counseling sessions at affiliated clinics in Tokyo and elsewhere, and the Sumitomo Trust Health Insurance Association also provides free health advice to employees by telephone.

* Medical and occupational health specialists have been appointed at all our business locations employing 50 or more staff, while health promoters are resident at business locations employing less than 50 staff.

Human Rights Education

Centered on the Human Rights Education Committee and chaired by the President, Sumitomo Trust is carrying out wide-ranging activities to train and educate employees about various human rights issues. Our training program is divided into two parts: one specifically targeted for different management levels, and one for all employees, with sessions held at least twice a year. Each type of session is designed to improve both knowledge and awareness of human rights issues.

Through these activities Sumitomo Trust is working to help employees respect each other's personality and foster a corporate culture that emphasizes human rights as the foundation of business activities.

Employee Breakdown

	March 31, 2005	March 31, 2006	March 31, 2007
Total employees	4,991	5,230	5,609
Male	2,654	2,762	2,890
Female	2,337	2,468	2,719
Average age	38 years, 9 months	38 years, 7 months	38 years, 5 months
Male	40 years, 9 months	40 years, 7 months	40 years, 8 months
Female	36 years, 5 months	36 years, 14 months	35 years, 11 months
Average service years at Company	11 years, 9 months	11 years, 3 months	10 years, 10 months
Male	13 years, 1 month	12 years, 8 months	12 years, 5 months
Female	10 years, 3 months	9 years, 9 months	9 years, 2 months

Notes: 1. Figures for the average age and average service years are rounded down to their respective units.

2. Figures for total employees do not include temporary staff (of whom there were 72 as of March 31, 2005; 83 as of March 31, 2006; and 85 as of March 31, 2007).

3. Figures for total employees include overseas staff (of whom there were 275 as of March 31, 2005; 283 as of March 31, 2006; and 309 as of March 31, 2007).

Creating a Workplace Where a Wide Diversity of Human Resources Can Work

Appointing and Supporting Women

Sumitomo Trust is aiming to become "a company in which all our employees can realize their ability and personality regardless of their gender" by ensuring that decisions about managerial promotions are made on a strictly ability basis. As of the end of March 2007, the ratio of female employees was 49% and the number of female managers was 55 (including two branch managers).

Moreover, from the standpoint of supporting a good balance between work and personal life, we are promoting the development of a variety of systems and workplace environment in order to make it easier for employees to choose flexible ways of working so that they can cope with major life events such as childbirth, child raising, and nursing care.

Employment of Disabled Persons

As of June 1, 2007, the percentage of disabled persons employed by Sumitomo Trust had improved by 0.07 points compared with the same time of the previous year to 1.84%, exceeding the 1.80% required by law. The average percentage for fiscal year 2006 overall was 1.93%, which is also higher than the legal requirement.

Sumitomo Trust will continue to build a workplace environment in which disabled people can participate more fully than in the past. We intend to exceed the legal employment percentage of 1.80% through sustained active recruitment.

Number of Disabled Persons Employed

FY2004 (full year)	1.99%
FY2005 (full year)	1.90%
FY2006 (full year)	1.93%

Path 4

Cost Management and Cost Reduction

As mentioned in Path 1, Sumitomo Trust has made significant efforts toward the solution of environmental problems by utilizing its financial capabilities (environmental finance) as well as through companywide activities to conserve energy and resources.

Conservation of energy and resources leads to cost reductions. Furthermore, taking a CSR perspective when selecting suppliers has the benefit of enabling the company to mitigate risks related to the supply chain. Path 4 of our CSR activities is geared toward enhancing the corporate value of Sumitomo Trust through these efforts.



Progress and Results for Fiscal Year 2006

In fiscal year 2006, Sumitomo Trust decided to obtain the ISO 14001 certification and established the "Preparatory Committee for Acquiring ISO 14001 Certification." Through various initiatives centering on this committee, we continue promoting environment-conscious activities and develop them into even more systematic, better-planned and verifiable ones.

Establishment of the Preparatory Committee for Acquiring ISO 14001 Certification

While we have been engaged in a variety of environment-conscious activities, we prefer our initiatives to become more systematic. For example, we would like to establish a clear survey agenda, set concrete goals for improvement activities, and implement and review the results objectively.

In order to achieve these objectives, we have set ourselves the task of acquiring ISO 14001 certification and have started activities toward this end. ISO 14001 provides a framework for the standardization of a management system that reduces the environmental burden of our activities. Specifically, we will carry out the following tasks:

1. Set areas for management (e.g. usage of paper, electric power and water, diffusion of environment-friendly products)
2. Set targets with respect to management areas (e.g. 10% reduction of paper consumption)
3. Implement a Plan-Do-Check-Action (PDCA) process to facilitate the achievement of the targets
4. Repeat steps 1. through 3. toward the realization of the targets

In other words, the introduction of ISO 14001 will lead to the construction of a system for the administration of a PDCA cycle for environment-related issues from a medium-term perspective in the form of a comprehensive plan.

In fiscal year 2006, we commenced studies toward obtaining ISO 14001 certification by establishing the Preparatory Committee and established the ISO Office to commence full-scale activities in fiscal year 2007. As an initial action, we plan to make efforts for the acquisition targeting three of our main offices: the Fuchu and Senri Buildings, both of which have high energy consumption for computers and other IT equipment, and the South Tower, a new establishment into which some of our main offices will be consolidated. Since the administration of a PDCA cycle requires the monitoring of activities by personnel with knowledge and know-how concerning the management of environmental activities, we are also planning to provide in-house education on environmental issues.



ISO related training at the Fuchu Building

Comment

Comment from the Officer in Charge of Promotion

In the course of our activities to offer services as a financial institution, we affect the surrounding environment in certain ways. We consume resources and energy and we generate waste. From this viewpoint, engaging in global environmental issues is an important social responsibility for us as a corporation. We are already carrying out energy conservation, waste reduction, and environmental preservation activities and also offering financial products that support these activities. Moreover, the adoption of the ISO 14001 framework will be effective not only for systematic and continuous fulfillment of our social responsibilities, but also to achieve recognition as a company that contributes to the environment. Establishment and maintenance of the framework requires company-wide efforts, and each of us should conscientiously carry out these activities to preserve the global environment.



Shouichi Yoshida
Senior Manager, ISO Office

Our Activities

Sumitomo Trust formulated its Environmental Policy in May 2005 stipulating that “we will be environment-conscious at the office at all times with regard to matters such as conserving resources and energy and complying with green procurement.” Under this policy, we are endeavoring to reduce the burden our activities place on the environment. This section introduces some of the efforts we have been making.

Environmental Policy

Based on the basic principles of our Social Activity Charter, we will undertake efforts in accordance with the following Environmental Policy.

1. We will consider what we can do ourselves for the realization of a sustainable society and the preservation of the Earth’s environment, and take action accordingly.
2. We will work to maximize our contribution to tackling environmental issues in our selection of investments and loans and in the development of financial products.
3. We will be environment-conscious at the office at all times with regard to matters such as conserving resources and energy and green procurement.

Environment-Conscious Activities at Our Offices

Participation in “Team Minus 6 Percent”

To take action against global warming, Sumitomo Trust has been taking part in the campaign called “Team Minus 6 Percent,” which has been promoted by the Ministry of the Environment since July 2005, and we implemented an extensive Cool Biz (dress down) program in fiscal year 2006.

Environmental Performance

Since 2003, the Sumitomo Trust Group has been engaged in a 3R (Reduce, Reuse, Recycle) activity to reduce emissions of environmental pollutants where we monitor the volume of resources consumed (input) and the volume of disposals that place a burden on the environment (output) mainly in our office buildings. As for our energy consumption in fiscal year 2006, due to increases in staff and facilities, as well as in the number of vehicles owned by the Group, our use of electricity and gasoline increased by 0.6% and 3.4% respectively compared with the previous fiscal year, while our use of gas decreased by 2.6%.

Paper consumption increased by 6.0% because the item “Envelope Enclosures” was included in the category from this fiscal

year. Due to document reduction activities, paper disposal increased by 0.7% while the recycled amount and the recycling rate rose by 4.0% and 3.1 points, respectively.

Other waste disposal decreased by 11.4%, as a result of which the volume of other waste recycled also decreased by 24.0%. In the future, as the implementation of separated waste collection accelerates, the need for thoroughgoing reuse is becoming more acute. Also, in fiscal year 2006 we did not experience any violation of environmental laws.

Environmental Performance

Input	Volume 2006	Change (% , YoY)
Energy consumption		
Electricity use	41,327,420kWh	+0.6%
Gas use	894,668m ³	-2.6%
Gasoline use*1	573,756L	+3.4%
Water use	105,929m ³	+3.9%
Paper consumption*2		
Recycled paper	458,706kg	+18.7%
Output		
Paper disposal		
Mixed paper	970,541kg	+0.7%
Recycled amount	354,336kg	+6.8%
(% of total)	944,570kg	+4.0%
	97.32%	+3.1 points
Other waste disposal		
Amount of recycled material*3	298,652kg	-11.4%
(% of total)*3	30,149kg	-24.0%
	10.10%	-1.7 points

*1 Volume used at all domestic facilities, including branches.

*2 Includes copier paper, fax paper, printer paper, toilet paper, business cards, and envelopes. (also includes some buildings other than the six headquarters buildings).

*3 The recycled amount for some waste materials was excluded.

• Survey scope: six headquarters buildings used by Sumitomo Trust and its Group companies (some items were excluded at certain buildings).

• Survey period: April 1, 2006 to March 31, 2007.

Promoting the Adoption of Low-Emission Vehicles

Out of the 641 vehicles used in our marketing activities, 626 have been certified under an environment-friendly, low-emission vehicle certification program. Low-emission vehicles now account for 97.7% of our vehicles (as of the end of July 2007). This is part of an effort to purchase low-emission vehicles certified based on the standards for 2005, and to use vehicles which meet the fuel efficiency standards stipulated for fiscal year 2010 under the Energy Saving Law.

Adoption of Low-Emission Vehicles

Number of vehicles owned	641
Number of low-emission vehicles owned	626
Adoption of low-emission vehicles	97.7%

Paperless Office Promotion

Sumitomo Trust is promoting a work style reformation that includes a reduction in office paper consumption by reviewing our workflow and developing a suitable infrastructure. In fiscal year 2006, we began the process of converting our business forms into electronic form, and by the end of August 2007 we had fully converted to electronic form 459 kinds of forms that had been consuming the equivalent of approximately 5.51 million A4 size pages of paper annually (equivalent to 415 standard trees*). In the future, we plan to promote paperless work styles throughout the entire company.

* Standard tree: a 20-year-old cedar, 8m high and 14cm in diameter.

Establishing a Purchasing Policy

In order to conduct purchasing activities from multifaceted viewpoints including CSR and compliance, in March 2007 Sumitomo Trust established a purchasing policy under which the following guidelines were stipulated: (1) to select procurement sources by evaluating their corporate attitude in addition to price, quality and delivery times; (2) ethical considerations to be followed at the time of purchasing and in information management; and (3) to give priority to products and purchasing methods that contribute to a continuous reduction in environmental burden.

C o l u m n : The Efforts of the Koshigaya Branch

At the Koshigaya Branch, in addition to the environment-conscious activities implemented company-wide, all staff have been carrying out the activities listed below under the theme of "using the most of opportunities for environmental activities near us." These activities have gained favor, and in November 2006, the Koshigaya Branch became the first financial institution in the city to be awarded the "Company Award for the Environmental Convention" at the "Koshigaya Environmental Convention 2006." On the day of the convention, the activities for environmental friendliness were presented in the presence of many guests including the Mayor of Koshigaya.



Presentation at the Koshigaya Environmental Convention 2006

Environment-Conscious Activities of the Koshigaya Branch

1. The 10 Items of "ECO Koshigaya"

- (1) Turn off unnecessary lights.
- (2) Print on both sides and reuse the backside of used paper.
- (3) Contribute to paperless office work by using electronic media, etc.
- (4) For detergents, use either soap or phosphate-free products.
- (5) Use "Flushing Sound Generators" to save on toilet water.
- (6) Consider the percentage of recycled pulp and whiteness when using paper.
- (7) Give preference to products made from recycled materials during purchase and use.
- (8) Use materials that allow easy recycling or waste disposal whenever possible.
- (9) Provide information and conduct educational activities for customers.
- (10) Always practice eco driving without gunning the engine or speeding.

In addition to these items, each staff member of the branch has announced one principle he or she intends to comply with entitled "My Eco Declaration" as a means of raising environmental preservation awareness.

2. Spreading Support for the "ECO Koshigaya Environment Family Declaration"

We support the purpose of the "ECO Koshigaya Environment Family Declaration*" and we are working to promote the project as a local financial institution. We accept applications from customers and present them with "Eco-Goods" in response.

* "ECO Koshigaya Environment Family Declaration": a declaration by citizens in units of families that they will engage in environment-friendly activities (energy conservation, recycling, tree planting, etc.). The project is promoted by the Koshigaya City Environment Promotion Citizen's Committee and Koshigaya City, and each registered family is given a registration certificate of the Environment Family Declaration.

3. Participation in "Office Paper Recycle Koshigaya"

We have joined "Office Paper Recycle Koshigaya," a group for recycling waste paper generated from offices into toilet and other paper as a means of carrying out recycling of outdated brochures, prospectuses, etc.

4. Water Sprinkling Operation

This year we reused the water from tea making machines and other equipment by using it for sprinklers in front of the branch between 13:00 and 14:00 on every business day in August.

Path5

Reinforced Risk Management

Preventing a decline in its corporate value by complying with applicable laws and regulations as well as social norms and protecting personal and other information is a minimum responsibility that every company must fulfill towards its stakeholders. In addition to fully observing such adherence, Sumitomo Trust is reinforcing its risk management through a corporate governance framework and internal control system that addresses the various business risks arising from the increasingly diverse and complex nature of its business.

Progress and Results for Fiscal Year 2006

Ever since its establishment, Sumitomo Trust has practiced and sought to improve its corporate governance under a management philosophy that emphasizes “Confidence and Integrity” (the essence of the trust business) and “Placing Prime Importance on Credibility and Sound Management” (Sumitomo’s basic business principle). In fiscal year 2006, we further strengthened the company-wide governance system including risk management and compliance, by means of the following undertakings.

1. Establishing the “Basic Policy of Internal Control System Structure” and Various Other Policies

Sumitomo Trust has determined the scope of internal control as to encompass the five areas of (1) compliance, (2) thorough enhancement of customer protection and convenience, (3) development and establishment of appropriate management systems for various risks, (4) capital management, and (5) internal auditing.

In March 2007, we set out our Basic Policy of Internal Control System Structure, and also established respective management policies on items (1) through (5) above, to ensure sound and suitable operation under appropriate management control. We are working to develop and establish management frameworks based on each of these policies, and working toward their continuous reinforcement.

2. Measures for Implementation of Basel II Framework

In preparation for the implementation of the Basel II framework (new framework that revises the original Basel Capital Accord, which is a set of rules to review the capital adequacy of

internationally active banks), which came into effect at the end of March 2007, Sumitomo Trust established the Steering Committee for Basel II Implementation. We have been working to sophisticate our risk measurement methods in order to more accurately evaluate the risks we face as a financial institution and to strengthen our management framework.

3. Strengthening Compliance Structures

In order to ensure the continuation of appropriate business operations in compliance with the laws and regulations that have been recently introduced concerning our main banking and trust businesses, such as the revised Trust Law and Trust Business Law and new Financial Instruments and Exchange Law, as well as compliance with actions such as the establishment and revision of Financial Services Agency Inspection Manuals, Sumitomo Trust established the Steering Committee for Regulation Compliance. We are promoting the further sophistication of our compliance and risk management framework on a group-wide basis, including at our subsidiaries and affiliates.

By incorporating a new compliance promotion structure, which we have developed in the course of our risk management strengthening activities, into the foundations of our own growth model, we are aiming to improve our long-term corporate value, while also making use of this attitude as a source of additional value in realizing sustainable growth.

Comment

Comment from the Officer in Charge of Promotion

Sumitomo Trust’s Social Activity Charter describes our basic stance towards CSR as follows: “Demonstrating our role as a good corporate citizen, we shall adhere strictly to all laws, regulations and social rules so that we can fulfill our responsibility as an important member of society.” This stance is based on the idea that compliance provides a foundation on which we can proceed with CSR activities.

Building on this idea, Sumitomo Trust is currently working to strengthen its compliance system. It is essential to make the philosophy of compliance known to our employees at all levels. In order to achieve this aim, for example, in addition to deciding on specific policy concerning solicitation and sales of financial products and providing guidance for staff in the workplace so that customer solicitation is always performed in an appropriate manner, we have constructed a system under which checking is performed by managers. Furthermore, we work to reinforce awareness to each of our employees through e-learning featuring a variety of training measures accompanied by confirmation tests.



Iwao Kaji
General Manager, Legal and
Compliance Department

Major Risks and Handling Policies

The evolution of financial products and services and the accompanying changes in the business environment have led to the risks managed by financial institutions becoming increasingly complicated and diverse, pressing for a further sophistication of risk management, as seen in the shift of capital adequacy regulations to the Basel II framework as from the end of March 2007.

At Sumitomo Trust, we have placed the highest priority on improving the sophistication of our risk management framework which meets the characteristics of our business operations. In this context, we are enhancing our risk management by clarifying the undertaking policy, authority and its delegation, organizational structure, and processes and procedures to enable appropriate management of each risk category.

Types of Risk and Their Management

Our “Risk Management Policy” classifies risk categories, by the cause of potential loss, into credit risk, market/liquidity risk, and operational risk. Risk management is implemented according to the specific characteristic of each risk category.

Incidentally, under Basel II, which is the new framework for regulatory capital management, there are requirements to make credit risk measurement even more elaborate and to sophisticate management. In response to these requirements, we are making efforts to further sophistication of the internal risk management framework that we have constructed up to now.

Credit Risk

Credit risk is the risk of incurring losses due to the value of an asset decreasing or impairing, owing to reasons such as deterioration in the financial condition of an obligor. In credit risk management, we accept risks that are within limits appropriate to our management strength, while paying attention to accurately assessing the amount and variation of risk, and to return appropriate to the risk.

Market Risk and Liquidity Risk

Market risk is the risk of incurring losses caused by a change in the value of assets/liabilities as a result of fluctuations in market factors such as interest rates, stock prices, and exchange rates, in addition to problems that may arise in fund-raising. In market risk management, we try to keep the risk to within a certain level by calculating the estimated maximum loss amount by extrapolating from past market fluctuation records and performing simulations, etc.

Operational Risk

Operational risk is the risk of incurring losses resulting from inadequate or failed internal processes, activities of officers and employees, personnel deployment assignment and system which in our case, includes business processing risk, information security risk, compliance risk, human resource risk, event risk and reputational risk. Operational risk management involves keeping the risk of such damage to a minimum through a combination of preventive measures and speedy countermeasures in the event of an occurrence.

Risk Categories

Enterprise Risk Management (Risk Management through Comprehensive Assessment of All Risk Categories)	Integrated Risk Management (Quantitative Risk Management using VaR as an Integrated Measurement)	Risk Category	Risk Management related Department	Risk Description
		Credit Risk	Corporate Risk Management Department	Risk of incurring losses due to the value of an asset (including off-balance sheet assets) decreasing or impairing, owing to reasons such as deterioration in the financial condition of a obligor.
		Market Risk	Corporate Risk Management Department	Risk of incurring losses due to fluctuations in the value of assets/liabilities or revenues thereof, either due to fluctuations of items such as interest rates, stocks and foreign exchange rates, or owing to fluctuations in the value of other assets.
		Operational Risk	Corporate Risk Management Department	Risk of incurring loss resulting from inadequate or failed internal processes, people and systems or from external events (including the following risks).
		Business Processing Risk	IT & Business Process Planning Department (or Personnel Department for Internal Fraud)	Risk of incurring losses arising from executives or employees neglecting to engage in proper business activities, or other incidents such as accident or fraud.
		Information Security Risk	IT & Business Process Planning Department	Risk of incurring losses for reasons such as loss of confidentiality, integrity or availability of information or information systems belonging to Sumitomo Trust, owing to factors such as information management, system failure or improper management of system development projects.
		Compliance Risk	Legal and Compliance Department	Risk of incurring losses for reasons such as penalties, claims or lawsuits arising from a lack of compliance with laws, regulations or social standards in Japan and abroad, or an inability to complete transactions due to contractual impediments including the lack of necessary provisions or lack of legal capacity by the transaction counterparty.
		Human Resource Risk	Personnel Department	Risk of incurring losses due to issues such as unequal or unfair management of personnel, including issues related to compensation, benefits, release from employment and harassment.
		Event Risk	Corporate Administration Department	Risk of incurring losses arising from extraordinary situations such as natural disasters, war and criminal offenses.
		Reputational Risk	Corporate Risk Management Department	Risk of incurring losses due to a (possible) major impact on business as a result of deterioration in reputation for Sumitomo Trust or its subsidiaries, owing to reasons such as mass media reports, rumors or speculation.
		Liquidity Risk	Corporate Risk Management Department	Risk of difficulties in securing necessary funds, due to reasons such as mismatches in the timing of management and procurement, or unforeseen outflow of funds.

Further details of risk management are available in the 2007 Annual Report.

Corporate Governance and Risk Management

Sumitomo Trust positioned corporate governance as a mechanism that concerns the decision making, execution and supervision that Sumitomo Trust carries out in the interests of achieving sustainable growth and development through more efficient and transparent management, and as such we make constant efforts to refine our governance.

Moreover, by incorporating an internal control system that includes risk management into the governance structure, we are promoting a reduction in management-related risks and the implementation of prompt and appropriate measures when such risks occur.

Corporate Governance System

At Sumitomo Trust, we have adopted an executive officer system as well as a business group management system in an attempt to speed up decision making and business execution. The Board of Directors, which meets at least once a month, makes decisions on important business matters, including basic management policies, and also supervises the business execution performance of the directors and executive officers. In addition, concerning overall risk management the Board of Directors draws up various policies and formulates and publicizes plans, constructs a management and reporting framework, authorizes initiatives, etc.

In order to ensure prompt decision making, under the Board of Directors we have established the Executive Committee, which meets every week, as well as a number of other committees* meeting on a weekly to monthly basis. The Executive Committee discusses and decides about items concerning management policy and about indi-

vidually important items, in addition to authorizing regulations concerning risks and implementing framework development in conformance with the policy laid down by the Board of Directors. On the other hand, the other committees discuss and make decisions on important matters such as those related to business strategy and risk management.

In addition, we have formed the Risk Management related Departments as independent departments that perform accurate recognition and continuous assessment, appropriate risk management and administration of risks, as well as maintain the integrity of compliance system frameworks.

* The ALM Committee, the Credit Risk Committee, Fiduciary Asset Management Committee, etc.

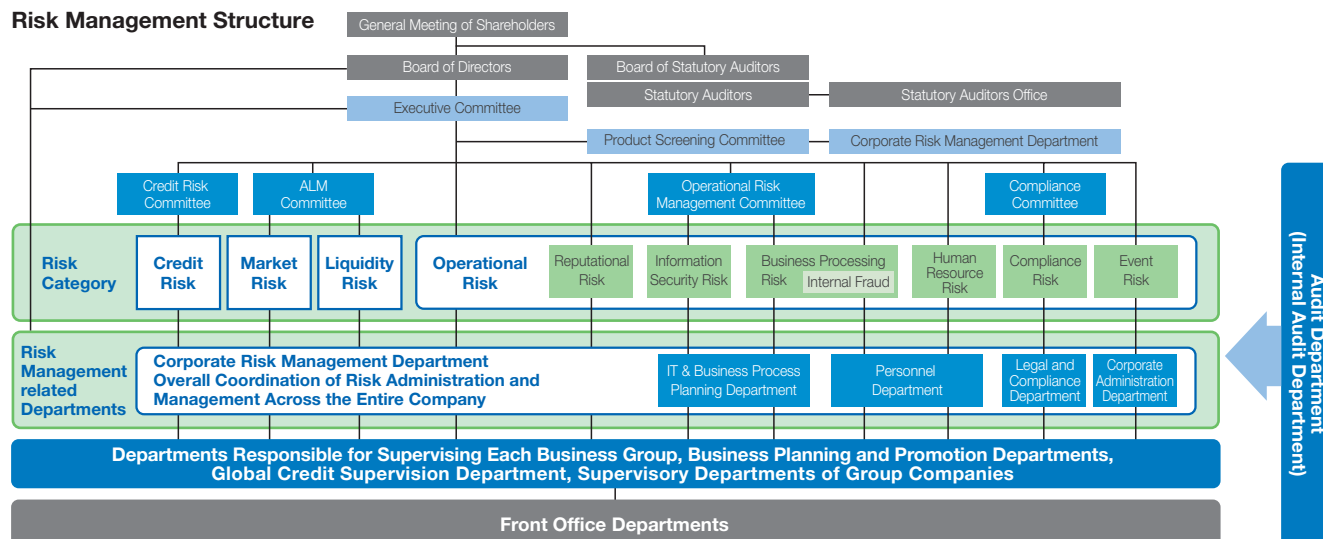
Auditing System

Sumitomo Trust has adopted a corporate auditor system. We employ a three-tier auditing system combining the Statutory Auditors with internal auditing and CPA accounting auditing, and we are working to strengthen mutual cooperation among these groups.

Of the five Statutory Auditors, over half (three) are outside auditors. These outside auditors perform their duties from an expert and multilateral viewpoint as two are attorneys who are knowledgeable about Corporate Law as well as the management and operation of financial institutions, while the third is from a different industry.

In addition, we are strengthening our internal auditing. The Internal Audit Department reports on the status of various activities and on the results of audits to the Board of Directors in a timely and appropriate manner from a position independent of the departments involved in the execution of operations as an organization under the direct control of the President.

Risk Management Structure



Compliance

Compliance is observed by all officers and employees of the Sumitomo Trust Group. As is stated in the Ethics Charter, we vow to “strictly adhere to all laws, rules and social regulations,” “respect human rights and not trespass against moral law” and “behave with honesty and fairness.” In order to improve individual compliance awareness within the Sumitomo Trust Group, we have developed a compliance structure that encompasses compliance standards, a compliance manual, checks and promotion measures.

Promoting Compliance at the Front Line

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

In addition to the group training and e-learning programs hosted by the head office, we also hold voluntary compliance training for employees in our various branches and departments as necessary. At these training sessions, we work to ensure the thorough observance of the basic items of our Compliance Standards, which stipulates the Code of Conduct, and ensure improved compliance consciousness as well as awareness of the specific items that should be followed in the course of business. In fiscal year 2006, we integrated the departments that supervise compliance at the branches into the Legal and Compliance Department in the interests of conducting measures such as reinforcing detailed guidance to branches.



Training at Branches and Departments

Overall Compliance Structure

Our Compliance Structure forms the core around which Sumitomo Trust’s internal control system is constructed.

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

Sumitomo Trust Group’s subsidiaries and affiliates.

The Compliance Committee, which is chaired by the director in charge of the Legal and Compliance Department, investigates and resolves problems concerning compliance, and when necessary, makes reports and gives advice to the Board of Directors regarding how to deal with these problems. Moreover, the Internal Audit Department also reports on the results of internal audits to the Board of Directors, which in turn reflects the contents of these reports in its management policies.

In addition, we have set up a Compliance Hotline through which employees can make direct reports to management. In the event of circumstances arising, we have a system in place to allow us to deal promptly and appropriately with any compliance-related problems.

Report of an Incident

In December 2006, after the revelation of the following incident, Sumitomo Trust responded with the utmost seriousness, worked to develop and reinforce its internal risk management framework, and took measures to prevent a recurrence.

1. Outline of the Incident

An employee (at that time) of Sumitomo Trust, ordered a total of approximately 137 million yen worth of JR train tickets and airline tickets under false pretenses between October 2005 and November 2006, obtained refunds for these tickets, and embezzled the refunded money.

2. Handling of the Matter

For the employee in question, Sumitomo Trust imposed disciplinary dismissal. Also, in acceptance of the gravity of this incident, we severely punished a total of nine personnel including the responsible managers. In addition, in order to clarify the general management responsibility in this matter, all directors returned a portion of their monthly compensation.

3. Prevention of Reoccurrence

Moreover, we have reviewed and drastically revised our handling of expense requests and implanted compliance training for new employees and case study training for managers to raise awareness and prevent reoccurrence. Going forward, we are placing all efforts into ensuring that misdoings do not occur a second time.

Customer Protection

In addition to problems arising with customer information (personal information) management, if we are unable to appropriately address issues regarding customer solicitations and sales of financial products, complaints, and requests, we might lose the trust of our customers. Accordingly, we regard improved customer response ("Customer Protection") along side compliance as our most important management task. In March 2007, we established the Customer Protection Management Policy to enhance customer protection and convenience, and we are also strengthening our efforts in this area.

Mounting an Appropriate Customer Response

Today, financial products such as mutual funds and annuities that have more complicated mechanisms and features than those that have traditionally been handled by banks, have increased in number. For this reason, there is a strong requirement for financial institutions to properly and fully explain to their customers about the mechanisms, risks, etc., of these products, and to ensure that customers understand them prior to purchase. Accordingly, Sumitomo Trust published the "Promise to Customers," which spells out our policy concerning solicitation and sales of financial products at our branches and on our website. Through this policy and through means such as the development of company rules and enhanced training, we conduct thorough and adequate solicitation and sales of financial products from the customer's standpoint.

Moreover, we have completed a system for accepting and responding appropriately to the "Voice of Customers," including complaints and consultations, and we have built a system for studying responses in an organized fashion concerning the results of gathering a wide range of customer opinions, ideas for improving services, preventive measures based on analyses of the causes of operational mistakes, and service improvement. On top of this, each half-year we submit a report on customer opinions and the details of the improvement activities we have engaged to the Board of Directors and make related information available to customers via our website.

Promise to Customers

At Sumitomo Trust, as an asset management financial institution that works to achieve "optimal management and prudent administration," we follow all applicable laws and regulations and we promise our customers that we will recommend products and services based on the following solicitation policy in order that they can make appropriate judgments for themselves.

1. We ask customers about their experience and knowledge of financial products and services, their asset situation, and the purpose of their transactions. According to their responses, we provide products and services that are suitable.
2. We ensure that the products and services we provide are accompanied by appropriate and easy-to-understand explanations so that customers will be able to fully understand not only their details and advantages but also their risks and handling charges.
3. We do not conduct explanations or solicitations that are likely to mislead customers, such as, for example, providing information that is contrary to fact, or explaining uncertain things in an assertive manner.

4. When we wish to make a solicitation to customers via telephone or by visiting them in person, we try to do so without imposing on customers' schedules.
5. We work to learn correct knowledge and easy-to-understand explanation methods so that we can provide products and services that suit the needs of our customers.

Customer Information (Personal Information) Protection

Regulations for the protection of personal information are stipulated in the "Information Security Management Rules," our basic information management policy. In addition, since the announcement of the "Declaration for the Protection of Personal Information" in April 2005, we have further reinforced the existing information management framework within the company with the aim of ensuring adequate protection and appropriate utilization of personal information.

Also, in keeping with the Customer Protection Management policy, as a corporate group we are expanding our customer information protection efforts, which have already proceeded further than ever before. In particular, with respect to the handling of personal information by outsourced operations and subsidiaries, we conduct customer information guidance appropriately according to the scale and characteristics of the consigned work.

Furthermore, in order to protect personal information within the information network from danger, we monitor outside attacks such as unauthorized access on a 24-hour-a-day basis and we have strict anti-leakage policies in place for in-house PCs. In these ways we are working continuously to improve the system.

Topic:

Introducing IC Cards with Biometric Recognition Functions

On January 4, 2007, Sumitomo Trust began operating an IC cash card service that utilizes biometric functions to recognize vein pattern information. As of the end of July 2007, already approximately 1,000 of the new IC cards have been issued, and the service is obtaining a favorable customer response.



GRI Content Index

Indicator	Core Indicators	Page No.	GC*
1. Strategy and Analysis			
1.1	Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	Cover page 2	
1.2	Description of key impacts, risks and opportunities.	P.5-7	
2. Organizational Profile			
2.1	Name of the organization.	Cover page 3	
2.2	Primary brands, products and/or services.	Cover page 3	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures.	Cover page 3	
2.4	Location of organization's headquarters.	Cover page 3	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Cover page 3	
2.6	Nature of ownership and legal form.	Cover page 3	
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	—	
2.8	Scale of the reporting organization, including: <ul style="list-style-type: none"> • Number of employees; • 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); and • Quantity of products or services provided. 	Cover page 3	
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: <ul style="list-style-type: none"> • The location of, or changes in operations, including facility openings, closings and expansions; and • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations). 	—	
2.10	Awards received in the reporting period.	P.17	
3. Report Parameters			
Report Profile			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	P.9	
3.2	Date of most recent previous report (if any).		
3.3	Reporting cycle (annual, biennial, etc.).	P.9	
3.4	Contact point for questions regarding the report or its contents.	Cover page 3	
Report Scope and Boundary			
3.5	Process for defining report content, including: <ul style="list-style-type: none"> • Determining materiality; • Prioritizing topics within the report; and • Identifying stakeholders the organization expects to use the report. 	P.9	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	P.9	
3.7	State any specific limitations on the scope or boundary of the report.	P.9	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	—	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	—	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	P.9	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	P.9	
GRI Content Index			
3.12	Table identifying the location of the Standard Disclosures in the report.	P.48,49	
Assurance			
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	P.50	
4. Governance, Commitments, and Engagement			
Governance			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	P.44-46	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	—	
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	—	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	P.45	
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	—	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	P.45	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental and social topics.	—	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Cover page 2, P.1-3	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	P.2,8	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	P.2,3,8	
Commitments to External Initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	P.8,40	Rule 7
4.12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses.	P.8	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> • Has positions in governance bodies; • Participates in projects or committees; • Provides substantive funding beyond routine membership dues; or • Views membership as strategic. 	—	
Stakeholder Engagement			
4.14	List of stakeholder groups engaged by the organization.	P.20-31	
4.15	Basis for identification and selection of stakeholders with whom to engage.	—	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	P.22,23	
4.17	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.	P.20-31	
5. Management Approach and Performance Indicators			
Economic			
Economic Performance Indicators			
Aspect: Economic Performance, Market Presence, Indirect Economic Impacts			
EC1-EC9	(Please see the table at the end of this section).		

*Global Compact

Note: concerning page numbering, "—" refers to items related to our business but unrelated to this report; "N.A." refers to items unrelated to our business.

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.

Indicator	Core Indicators	Page No.	GC*
Environmental			
Environmental Performance Indicators			
Aspect: Materials			
EN1,EN2	(Please see the table at the end of this section).		
Aspect: Energy			
EN3 Core	Direct energy consumption by primary energy source.	P.40,41	
EN4 Core	Indirect energy consumption by primary source.	P.40,41	
EN5 Additional	Energy saved due to conservation and efficiency improvements.	P.40,41	
EN6 Additional	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	P.40,41	
EN7 Additional	Initiatives to reduce indirect energy consumption and reductions achieved.	—	
Aspect: Water			
EN8-EN10	(Please see the table at the end of this section).		
Aspect: Biodiversity			
EN11 Core	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	—	
EN12 Core	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	—	
EN13 Additional	Habitats protected or restored.	—	
EN14 Additional	Strategies, current actions and future plans for managing impacts on biodiversity.	P.24-31	
EN15 Additional	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	N.A.	
Aspect: Emissions, Effluents and Waste			
EN16 Core	Total direct and indirect greenhouse gas emissions by weight.	P.40,41	
EN17 Core	Other relevant indirect greenhouse gas emissions by weight.	P.40,41	
EN18 Additional	Initiatives to reduce greenhouse gas emissions and reductions achieved.	P.40,41	
EN19 Core	Emissions of ozone-depleting substances by weight.	—	
EN20 Core	NO, SO, and other significant air emissions by type and weight.	—	
EN21 Core	Total water discharge by quality and destination.	—	
EN22 Core	Total weight of waste by type and disposal method.	—	
EN23 Core	Total number and volume of significant spills.	—	
EN24 Additional	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally.	—	
EN25 Additional	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	—	
Aspect: Products and Services			
EN26 Core	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	P.10-17	Rule 8,9
EN27 Core	Percentage of products sold and their packaging materials that are reclaimed by category.	N.A.	
Aspect: Compliance, Transport			
EN28,EN29	(Please see the table at the end of this section).		
Aspect: Overall			
EN30 Additional	Total environmental protection expenditures and investments by type.	P.13,17	Rule 8
Labor Practices and Decent Work			
Labor Practices and Decent Work Performance Indicators			
Aspect: Employment, Labor/Management Relations, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunity			
LA1-LA14	(Please see the table at the end of this section).		
Human Rights			
Human Rights Performance Indicators			
Aspect: Investment and Procurement Practices			
HR1 Core	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	N.A.	
HR2 Core	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	N.A.	
HR3 Additional	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	P.37	Rule 1
Aspect: Non-Discrimination, Freedom of Association and Collective Bargaining, Child Labor, Forced and Compulsory Labor, Security Practices and Indigenous Rights			
HR4-HR9	(Please see the table at the end of this section).		
Society			
Society Performance Indicators			
Aspect: Community, Public Policy, Anti-Competitive Behavior, Compliance			
SO1, SO5-SO8	(Please see the table at the end of this section).		
Aspect: Corruption			
SO2 Core	Percentage and total number of business units analyzed for risks related to corruption.	—	
SO3 Core	Percentage of employees trained in organization's anti-corruption policies and procedures.	—	
SO4 Core	Actions taken in response to incidents of corruption.	P.46	
Product Responsibility			
Product Responsibility Performance Indicators			
Aspect: Customer Health and Safety, Marketing Communications, Customer Privacy, Compliance			
PR1,PR2,PR6-PR9	(Please see the table at the end of this section).		
Aspect: Product and Service Labeling			
PR3 Core	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	—	
PR4 Additional	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 Additional	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	P.22,23,47	

*Global Compact

Note: concerning page numbering, "-" refers to items related to our business but unrelated to this report; "N.A." refers to items unrelated to our business.

Items not displayed above and reason for doing so

		Economic	Environmental	Labor Practices and Decent Work	Human Rights	Society	Product Responsibility
	N.A	EC4,HR4	EN1,EN2, EN8-EN10,EN28		HR4,HR6, HR7,HR9	SO7,SO8	PR1,PR2 PR6-PR9
Disclosed in	Annual Report / Disclosure	EC1					
Other Report	Financial Report to Regulators	EC1					
Falls Outside of Our Disclosure Policy		EC2,EC3, EC5-EC9	EN29	LA1-LA14	HR5,HR8	SO1,SO5,SO6	

Third-Party Comments on the Sumitomo Trust and Banking Co., Ltd's 2007 Corporate Social Responsibility Report

September 7, 2007

To: Mr. Atsushi Takahashi, Executive Chairman
Mr. Yutaka Morita, President and CEO
The Sumitomo Trust and Banking Co., Ltd.

Akira Yamate, Chief Executive Officer,
Aarata Sustainability Certification Co., Ltd.

This is a translation of the third-party comments in Japanese on the Sumitomo Trust and Banking Co., Ltd.'s 2007 Corporate Social Responsibility Report. The translation has been done by and its responsibility lies with the Sumitomo Trust and Banking Co., Ltd.

The objective of these comments is to express our independent view on the features, results, developments, and future direction of key environmental and social initiatives described in the Sumitomo Trust and Banking Co., Ltd. (the "Company")'s 2007 Corporate Social Responsibility Report (the "Report"). In preparing these comments, we performed the following procedures:

1. Interview with Managing Executive Officer in charge of Corporate Social Responsibility (CSR) (Mr. Hitoshi Tsunekage);
2. Interview with the personnel in charge of CSR activities at Headquarters, and inspection of the Tokorozawa and Kumamoto Branch and interviews with personnel thereof; and
3. Review of the final Japanese draft of the Report.

These comments do not express any conclusion from an independent perspective concerning whether the information in the Report was collected and reported in accordance with the Company's policies and standards, nor constitute an assurance or attestation of any kind.

1. Promotion of business innovation appropriate for the second stage of CSR activities (pp. 4 – 19)

In fiscal year 2006, the Company moved on its CSR activities to the second stage with a strong awareness of improving corporate value by integrating its CSR activities with its main business. As a result, the Report incorporates details of the repositioning of environmental friendly financial products and services and the labeling of this business as "Eco-Trustution." In addition, it reported on the establishment of the Customer Satisfaction Promotion Department as a company-wide cross-functional organization, the meetings of the Human Resources Development Committee, and a review of the environmental management system. Through these initiatives, the Company has made steady progress in promoting CSR activities.

As expectations for the future, it is hoped that specific targets in CSR activities as well as a time frame for achieving them will be established. In particular, of the Five Paths which form the promotion axis of Sumitomo Trust's CSR activities, the "Business Revitalization" requires action. While overseas financial institutions aggressively engage in environmental friendly financing taking into consideration society's expectations to utilize financial resources for environmental measures, it is necessary for the Company to take a more proactive and strategic approach. To this end, the formulation of business plans that are highly specific and feasible for "Eco-Trustution", including their incorporation into the sub-strategy of every business line is essential.

There are also high expectations on global activities in areas such as participation in the UNEP FI Property Working Group. In addition to climate change, the UNEP FI also takes up issues such as biodiversity and water resources. Also, exchanging information and views with overseas financial institutions should stimulate business revitalization within the Company. It is hoped that the Company will play an active role in the international arena and fully exploit the knowledge and network gained through its experience.

2. Further enhancement of CSR activities through broad-based cooperation (pp. 20 – 28)

In our comments on the 2006 CSR Report last year, we positively recognized the fact that the CSR activities of the branches had developed from individual activities of the respective branches to collaborative activities which were the joint focus of a number of branches. This year, as we conducted our visits to the local branches, we again felt that there had been improvement in CSR activities, which are being implemented with creative ingenuity. In addition to sponsoring the Noto Peninsula Support Campaign, which is introduced in the Report, the Tokorozawa Branch also held a joint

seminar with the National Federation of UNESCO Associations in Japan. This joint activity was expanded from their participation in UNESCO's postcard donation activities, i.e. activities to donate unused postcards which are exchanged for donations to UNESCO, under the banner of the World Terakoya Movement. As one of its activities, the Kumamoto Branch initiated the "From parents to children, from children to parents" campaign to encourage people in the community to express their feelings of appreciation to people who are special to them by postcards. Enlisting the support of other businesses, the branch was successful in getting many people's involvement and in generating interests in this activity, which was also covered by local media.

In activities of this sort, the area where we felt advancement over the past year was cooperation with organizations outside the company. When cooperation outside the company occurs, one comes into contact with a wide range of people. Through such interaction, diverse ideas are generated and improvements in activities are enabled, so that activities have the potential to make a greater impact. Further proactive efforts to widen the reach of cooperation outside the company are desirable. Cooperation which encompasses a wide range of people, including people outside the company, requires a support framework. The Corporate Social Responsibility Office has appointed a dedicated person for this purpose and is also in the process of putting in place a support system for branch CSR activities. While the cooperation between CSR and CS (customer satisfaction) at branches has already been effective, it is desirable for the Corporate Social Responsibility Office to cooperate with the new Customer Satisfaction Promotion Department.

3. Reporting information in a timely way

In addition to giving a general overview of CSR activities to date and goals for the next year, the Report included the year's progress and outcomes on each of the Five Paths with comments from each responsible personnel. In both contents and readability, this year's report shows improvement.

A further area in need of improvement is the timely reporting of CSR information. For example, there was no proactive reporting through news releases on "Eco-Trustution", an area which had been the focus of efforts in fiscal year 2006. Under "Enhancement of the Corporate Brand" in the Five Paths, timely information disclosure and communication is necessary. In the future, it would be desirable to make more information available not only through the CSR Report, but also by making use of other communication tools such as news releases and the website.

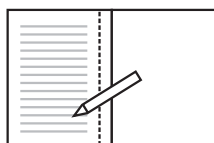
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Please Give Us Your Feedback and Opinions

Thank you for reading our Corporate Social Responsibility (CSR) Report. Through communication with readers, we are committed to making the CSR report and CSR activities better and better in the future. To help us in this regard, we would like to receive your comments by asking you to fill out the questionnaire on the next page. Please fax your response to the number listed below.

1 Please complete the questionnaire on the back of this page.



2 Remove the page via the dotted line and send it by FAX.



Facsimile: 81-3-3286-8741

The Sumitomo Trust & Banking Co., Ltd. 2007 Corporate Social Responsibility Report — Questionnaire

dotted line
✂

- Q1 | What was your impression of the CSR Report as a whole?
- | | | | |
|--|---------------------------------------|-------------------------------------|--|
| <input checked="" type="radio"/> Content | <input type="checkbox"/> Substantial | <input type="checkbox"/> Acceptable | <input type="checkbox"/> Inadequate |
| <input checked="" type="radio"/> Readability | <input type="checkbox"/> Easy to read | <input type="checkbox"/> Normal | <input type="checkbox"/> Difficult to read |

- Q2 | How do you evaluate our efforts for CSR described in this report?
- | | | | | |
|------------------------------------|-------------------------------|---------------------------------------|-------------------------------|---------------------------------------|
| <input type="checkbox"/> Very Good | <input type="checkbox"/> Good | <input type="checkbox"/> Satisfactory | <input type="checkbox"/> Weak | <input type="checkbox"/> Insufficient |
|------------------------------------|-------------------------------|---------------------------------------|-------------------------------|---------------------------------------|

- Q3 | What items in the report interested you, or gave you a lasting impression? (Feel free to check multiple items)
- | | |
|---|--|
| <input checked="" type="radio"/> Sumitomo Trust's CSR | <input type="checkbox"/> Message from Management |
| | <input type="checkbox"/> CSR from the Point of View of Sumitomo Trust |
| | <input type="checkbox"/> CSR Activities to Date and in the Future |
| | <input type="checkbox"/> Five Paths for Enhancing Corporate Value |
| | <input type="checkbox"/> Signing and Participating in International Action Programs |
| <input checked="" type="radio"/> Business Revitalization | <input type="checkbox"/> Special Feature 1: Sumitomo Trust's Eco-Trustution |
| | <input type="checkbox"/> Socially Responsible Investment |
| | <input type="checkbox"/> Products and Services that Contribute to Solving Society's Issues |
| <input checked="" type="radio"/> Enhancement of Corporate Brand | <input type="checkbox"/> Customers and Sumitomo Trust |
| | <input type="checkbox"/> With You Activities (Social Contribution Activities) |
| | <input type="checkbox"/> Special Feature 2: Dialog with Stakeholders |
| <input checked="" type="radio"/> Better Human Resources Management | <input type="checkbox"/> Employees and Sumitomo Trust |
| <input checked="" type="radio"/> Cost Management and Cost Reduction | <input type="checkbox"/> Our Activities |
| <input checked="" type="radio"/> Reinforced Risk Management | <input type="checkbox"/> Major Risks and Handling Policies |
| | <input type="checkbox"/> Corporate Governance and Risk Management |
| | <input type="checkbox"/> Compliance |
| | <input type="checkbox"/> Customer Protection |

- Q4 | Please write your impressions and comments about positive aspects of the report, and areas that should be improved.

- Q5 | In what capacity did you read this report?
- | | | | |
|--|--|--|--|
| <input type="checkbox"/> Retail Customer | <input type="checkbox"/> Corporate Customer | <input type="checkbox"/> Shareholder/Investor | <input type="checkbox"/> Corporate CSR Manager |
| <input type="checkbox"/> Researcher/Educator | <input type="checkbox"/> NPO/NGO Member | <input type="checkbox"/> Media Representative | <input type="checkbox"/> Government Employee |
| <input type="checkbox"/> Student | <input type="checkbox"/> Sumitomo Trust Group Employee | <input type="checkbox"/> 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.

The Sumitomo Trust & Banking Co., Ltd.
 Corporate Planning Department
 Corporate Social Responsibility Office
Facsimile: 81-3-3286-8741

Corporate Data (as of March 31, 2007)

Name:	The Sumitomo Trust and Banking Company, Limited	BIS Capital Adequacy Ratio:	11.36% (consolidated)
Head Office:	5-33, Kitahama 4-chome, Chuo-ku, Osaka-shi, Osaka 540-8639, Japan	Number of Employees:	5,609
Date of Establishment:	July 1925	Number of Offices:	Domestic: 60 (branch offices: 51, satellite offices: 9) Overseas: Branch Offices: 4, Representative Offices: 4
Total Employable Funds:	¥42,722.4 billion	Affiliated Companies:	Consolidated Subsidiaries: 34 (domestic: 22, overseas: 12)
Total Assets:	¥20,404.9 billion		Affiliates: 7 (domestic only)
Loans:	¥11,389.4 billion	Listed:	First Sections, Tokyo Stock Exchange & Osaka Securities Exchange
Entrusted Assets:	¥77,149.9 billion		
Paid-in Capital:	¥287.5 billion		
Issued Stock (Thousands):	1,675,034 Common Shares		

Major Subsidiaries and Affiliates (as of June 30, 2007)

Domestic

Name	Location	Business Details
The Sumishin Shinko Company Limited	5-33, Kitahama 4-chome, Chuo-ku, Osaka-shi, Osaka	Building Management
Sumishin Guaranty Company Limited	11-5, Nihonbashi-Honcho 4-chome, Chuo-ku, Tokyo	Loan Guarantees Operations
First Credit Corporation	6-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	Loans for small and medium-sized companies and business owners
STB Leasing Co., Ltd.	3-4, Nihonbashi 2-chome, Chuo-ku, Tokyo	Leasing
STB Wealth Partners Co., Limited	3-1, Yaesu 2-chome, Chuo-ku, Tokyo	Consulting
Life Housing Loan, Ltd.	2-1, Yaesu 2-chome, Chuo-ku, Tokyo	Loans for small and medium-sized companies and business owners
Sumishin Business Service Company, Limited	11-3, Kita-Aoyama 2-chome, Minato-ku, Tokyo	Clerical Work & Temporary Staffing
STB Real Estate Investment Management Co., Ltd.	4-4, Marunouchi 1-chome, Chiyoda-ku, Tokyo	Investment Advisory
STB Business Partners Co., Ltd.	4-4, Marunouchi 1-chome, Chiyoda-ku, Tokyo	Training & Human Resource Related Services
Japan TA Solution, Ltd.	1-1, Nikkocho, Fuchu-shi, Tokyo	Data Processing and Computing
Sumishin Matsushita Financial Services Co., Ltd.	2-18, Nakanoshima 3-chome, Kita-ku, Osaka-shi, Osaka	Leasing, Installment Finance, Credit Cards and Finance
Sumishin Life Card Company, Limited	2-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo	Credit Cards
Sumishin Card Company, Limited	11-5, Nihonbashi-Honcho 4-chome, Chuo-ku, Tokyo	Credit Cards
STB Investment Corporation	3-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	Venture Capital
Sumishin Information Service Company Limited	1-3, Shinsenri-Nishimachi 1-chome, Toyonaka-shi, Osaka	Data Processing and Computing
STB Asset Management Co., Ltd.	11-3, Kita-Aoyama 2-chome, Minato-ku, Tokyo	Mutual Fund Management and Consulting
STB Research Institute Co., Ltd.	11-1, Kanda-Tsukasamachi 2-chome, Chiyoda-ku, Tokyo	Surveys, Research and Consulting
Sumishin Realty Company, Limited	3-1, Yaesu 2-chome, Chuo-ku, Tokyo	Real Estate Brokerage
Sumishin SBI Net Bank Research Co., Ltd.	6-1, Roppongi 1-chome, Minato-ku, Tokyo	Research, Information Vending, Data Processing and Computing
Japan Pension Operation Service, Ltd.	3-21, Koraku 2-chome, Bunkyo-ku, Tokyo	Pension Plan Administration Services
BUSINEXT CORPORATION	2-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo	Loans for small and medium-sized companies and business owners
Human Resource Management Service & Consulting Co., Ltd.	11-5, Nihonbashi-Honcho 4-chome, Chuo-ku, Tokyo	Human Resource Related Services
Top REIT Asset Management Co., Ltd.	13-1, Nihonbashi 1-chome, Chuo-ku, Tokyo	Investment Management
Japan Trustee Services Bank, Ltd.	8-11, Harumi 1-chome, Chuo-ku, Tokyo	Trust Banking
Japan Trustee Information Systems, Ltd.	1-10, Nikkocho, Fuchu-shi, Tokyo	Data Processing and Computing

Overseas

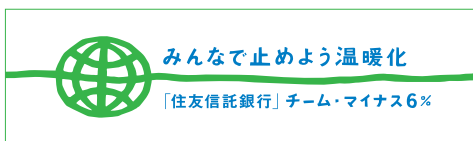
Name	Location	Business Details
The Sumitomo Trust Finance (H.K.) Ltd.	Suites 704-706, 7th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong	Finance
Sumitomo Trust and Banking (Luxembourg) S.A.	18, Boulevard Royal, L-2449, Luxembourg, Grand Duchy of Luxembourg	Trusts, Finance & Securities
Sumitomo Trust and Banking Co. (U.S.A.)	111 River Street, Hoboken, NJ 07030, U.S.A.	Finance & Trusts
STB Consulting (China) Co., Ltd.	7th Floor, Chang Fu Gong Office Building, A-26, Jianguomenwai Dajie, Chaoyang District, Beijing 100022, People's Republic of China	Consulting

For further information, please contact:

The Sumitomo Trust and Banking Company, Limited
Corporate Planning Department
Corporate Social Responsibility Office

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