

2008

CORPORATE
SOCIAL
RESPONSIBILITY
REPORT



Editorial Policy for the CSR (Corporate Social Responsibility) Report

The CSR report for fiscal year 2008, like the one for the previous year, was compiled so as to explain The Sumitomo Trust and Banking Company, Limited's^{*1} CSR policy and activities in relation to the company's "Five Paths"^{*2} for Enhancing Corporate Value." At the beginning of the section explaining each of the Five Paths, we describe the plan and achievements for fiscal year 2007 and the goals for fiscal year 2008, reflecting our belief that recognizing the achievements so far made and identifying the remaining challenges is essential to improve our activities.

Meanwhile, the opening feature articles explain specific CSR activities on which Sumitomo Trust put priority in fiscal year 2007.

As for details of our branches' involvement in local community activities, please refer to "With You," a supplement to this report.

*1. Hereinafter Sumitomo Trust or STB.

*2. Please also read the explanation of the concept of the "Five Paths" provided at the bottom of this page.

In order to receive the frank opinions of our stakeholders concerning Sumitomo Trust's CSR activities and deepen our mutual communications, we have attached a questionnaire at the end of this report. We would appreciate it if you could send your reply via facsimile (fax: 81-3-3286-8741) or through the following web site.

<http://www.sumitomotrust.co.jp/csr/index.html>

Organization Covered by This Report:

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

Target Readers:

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

Period Covered by This Report:

Fiscal year 2007
(April 1, 2007 through March 31, 2008)

* It should be noted that the report also includes references to activities conducted prior to fiscal year 2007 and those conducted in the months up to July 2008.

Scheduled Publication Date of Next Report:

September 2009

Website URL:

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

References:

Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 2006

* A table comparing our CSR report and the guideline requirements is available at the following Website:

<http://www.sumitomotrust.co.jp/IR/company/en/pdf/csr/2008/GRI.pdf>



Cover Photo: Chelonia Mydas

Chelonia mydas, commonly known as the green sea turtle, is designated as an endangered species. Sumitomo Trust promotes activities to preserve biodiversity, including the protection of rare species.

The 5 Paths

Outline

1 Business Innovation	The key theme of our CSR policy is to contribute to tackling and resolving a variety of social issues and challenges, such as the increasingly serious problem of global warming, the declining birthrate and the aging of society, by taking advantage of our financial functions. We actively engage in efforts to create new financial businesses that would simultaneously support the sustainable development of society and enhance our own corporate value.
2 Enhancement of Corporate Brand	We aim to serve our stakeholders and society as a whole as a "bank with a recognizable face" by attaching importance to activities that enhance customer satisfaction, social contributions and exchanges with NPOs (non-profit organizations). By doing so, we can provide reliable and satisfactory services to our customers and give our employees pride and satisfaction in working for Sumitomo Trust, thereby fostering a brand that enhances our corporate value.
3 Better Human Resources Management	Human resources constitute the foundation of the sustainable development of society. We hope to develop human resources capable of not only enhancing our own corporate value, but also making substantial contributions to society through human resources management that develops the capabilities of our employees to the full. To this end, we strive to enhance our personnel management system and create a pleasant working environment.
4 Cost Management and Cost Reduction	As part of its efforts to establish an environment-conscious management system, Sumitomo Trust places emphasis on reducing the environmental impact of its daily operations, managing costs involved in these efforts and achieving cost reduction as a result. In addition, we seek to avoid the variety of risks involved in supply chains* and curb our costs by selecting our suppliers from the perspective of CSR.
5 Reinforced Risk Management	Preventing unforeseen incidents and protecting corporate value, by complying with laws and regulations and safeguarding personal information is the minimum responsibility that companies owe to their stakeholders. In addition to fulfilling this responsibility, we strive to reinforce our risk management, by establishing internal control and corporate governance systems that can deal with a variety of risks involved in our increasingly diverse and complex business operations.

* A supply chain refers to a series of business processes involved in supplying customers with products, services and information that deliver value to them.

Concept of Sumitomo Trust's "Five Paths"

It is beginning to be widely recognized that active involvement in CSR activities helps to enhance corporate value. Sumitomo Trust positions (1) Business Innovation, (2) Enhancement of Corporate Brand, (3) Better Human Resources Management, (4) Cost Management and Cost Reduction and (5) Reinforced Risk Management as the "paths" toward the enhancement of our own corporate value, and is increasing efforts regarding each "path." In addition, we use the five paths as criteria for selecting targets of our own SRI (Socially Responsible Investment).

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more information

more information

> Message from Management



■ Corporate “Value” and “Two Responsibilities”

Five years have passed since CSR (Corporate Social Responsibility) began to gain widespread recognition in 2003. The history of Sumitomo Trust’s CSR activities runs in parallel with that of the CSR activities of the Japanese industry as a whole, given that it was also in 2003 that the company began to commit itself to CSR as part of its management strategy.

Ever since we began our CSR activities, “value” has always been on our mind as a keyword. In recent years, a succession of companies have seen the public trust they have earned over many years evaporate overnight due to scandals over their inappropriate business practices. Needless to say, complying with laws and regulations is the most basic responsibility that companies owe to society. At the same time, legal compliance is the minimum requirement for companies to prevent an erosion of their corporate value.

Meanwhile, companies must also enhance their corporate value by achieving sustainable and sound growth. We regard CSR not merely as a matter of legal compliance, because our

commitment to CSR not only protects the corporate value of Sumitomo Trust but also enhances its value by contributing to business growth.

In the CSR Report 2004, our first such report, we clarified the relationship between our concept on corporate value and our commitment to social responsibility, positioning engagement in activities to protect the corporate value of Sumitomo Trust, including legal compliance, as “a minimum essential responsibility,” and involvement in activities to enhance value as a “proactive responsibility.” We still maintain this basic stance.

■ What Is “Proactive Responsibility”?

An increase in our own corporate value due to the promotion of our CSR-related business activities must lead to the enhancement of the value delivered to our customers. Furthermore, we must also give consideration to the value delivered to our diverse range of stakeholders. Ultimately, we must strive to enhance the value delivered to society. As the scope of values to which we must give consideration expands,

it costs more and takes more time for us to enhance those values, making it more difficult to achieve the enhancement. However, we believe that we fulfill our “proactive responsibility” only if we overcome this challenge.

To give an example, the Japanese people must radically change their sense of values predicated on profuse energy consumption if Japan is to shift to the “low carbon society” that the government is advocating in response to global warming. For their part, financial institutions need to examine what is impeding the promotion of energy conservation and the dissemination of new energy, help to establish a mechanism that enables stakeholders to reap economic benefits from energy conservation and new energy, and inject the vital lifeblood of financial resources into that mechanism. This will not be an easy task. However, it is our “responsibility” to tackle this challenge.

■ How to Fulfill Social Responsibility

Regarding environmental issues from the above viewpoint, we have made a clear commitment to tackling environmental issues, by establishing an environment-conscious management system. Saving energy and resources for our own sake is our “minimum necessary responsibility,” while promoting the environmental finance business is our “proactive responsibility.” Dubbing the environmental finance business an “Eco-Trustution,” we are increasing our efforts to promote it (“Eco-Trustution” is a word coined to refer to the solution of ecological problems through the utilization of the trust function).

Financial institutions face a strong need to tackle the problem of global warming. Therefore, we have decided to step up our efforts in this regard by formulating the Basic Policy on Global Warming. We will strive to establish a new mechanism of energy conservation, increase the commercial sector’s awareness of energy conservation by visualizing the environmental added value of real estate, and

develop trusts for emission rights. In addition, we will provide financial support to efforts by the central government and the Tokyo Metropolitan Government to expand the use of solar energy, by setting up a “solar finance project team,” which comprises staff from across various business divisions of Sumitomo Trust.

■ Start of Activities to Tackle Biodiversity-Related Issues

Also, we have adopted the Basic Policy on Biodiversity-Related Issues and started to engage in activities in the field of biodiversity, an issue said to rival global warming in importance. Although the threat to biodiversity is not well known to the general public, the situation is grave, with about 40,000 species of animals and plants said to become extinct annually, due to such factors as uncontrolled development, invasion by non-native species and the effects of global warming. A loss of biodiversity could also cause huge economic damage to human society.

At the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity held in May in Bonn, Germany, we signed a leadership declaration under the Business and Biodiversity Initiative, together with 33 other companies around the world. Both in Japan and abroad, companies are just starting to tackle biodiversity-related issues. We intend to devote our efforts to the preservation of biodiversity with a resolve to lead the initiative as a global leader.

We are in the sixth year of our CSR activities. From the basic viewpoint of fulfilling the aforementioned two responsibilities — the minimum essential responsibility and proactive responsibility — we hope to continue to contribute to the realization of a better society and meet the expectations of all of our stakeholders.

September 2008

Atsushi Takahashi
Executive Chairman

Takaaki Hatabe
Executive Vice Chairman

Hitoshi Tsunekage
President and CEO

> **Opening Feature Article 1**
Increased Efforts to Tackle Environmental Issues

Striving to Keep the Earth Clean and Sound for Future Generations



While the industrialized civilization of the modern age has brought about benefits to our society, it has also caused a variety of problems, such as environmental destruction. Global warming and the erosion of biodiversity are particularly grave problems. Global warming not only triggers climate change, but also has a significant impact on animals and plants by destroying habitats. Furthermore, uncontrolled development, and invasion by non-native species have also accelerated the extinction of animals and plants.

In July 2008, we adopted the “Basic Policy on Global Warming” and the “Basic Policy on Biodiversity-Related Issues” and declared our resolve to actively tackle these two issues. These policies call for efforts to reduce the impact of our own business activities on the environment and also to contribute to the reduction of global warming gases emitted by companies and households and to the preservation of biodiversity by exercising necessary financial functions.

At the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity held in May in Bonn, Germany, we signed a leadership declaration under the Business and Biodiversity Initiative, which was proposed by the German government, thus demonstrating to the world our resolve to tackle this issue.

Basic Policy on Global Warming (the preamble omitted)

1. Reduction of Global Warming Gas Emissions

Sumitomo Trust will strive to reduce the emissions of greenhouse gases from its own business activities.

2. Provision of Products and Services Taking Advantage of Financial Functions

Sumitomo Trust will strive to develop and provide products and services that take advantage of its financial functions, in order to promote efforts by companies and households to prevent global warming.

3. Cooperation with Stakeholders

Sumitomo Trust will strive to promote the implementation of effective measures to tackle the problem of global warming, by exchanging opinions and cooperating with stakeholders.

4. In-House Education and Training

In order to achieve the objective of this basic policy, Sumitomo Trust will maintain and improve internal systems and enhance the education and training of its officers and employees.

5. Information Disclosure

Sumitomo Trust will make active public disclosure of information regarding its efforts to tackle the problem of global warming.

Basic Policy on Biodiversity-Related Issues (the preamble omitted)

1. Active Participation in Activities to Preserve Biodiversity

Sumitomo Trust will strive to actively participate in and provide support for activities to protect endangered species and preserve biodiversity.

2. Appropriate Evaluation of Ecosystems

Sumitomo Trust will support the creation and preservation of ecosystems, by providing appropriate economic and social evaluation of ecosystems.

3. Provision of Products and Services Taking Advantage of Financial Functions

Sumitomo Trust will strive to develop and provide products and services that contribute to the preservation and sustainable utilization of biodiversity, through cooperation with its stakeholders.

4. In-House Education and Training

Sumitomo Trust will educate and train its officers and employees, in ways to give them accurate knowledge about biodiversity and enable them to engage in activities to preserve it.

5. Information Disclosure

Sumitomo Trust will make active public disclosure of information regarding its efforts to preserve biodiversity.



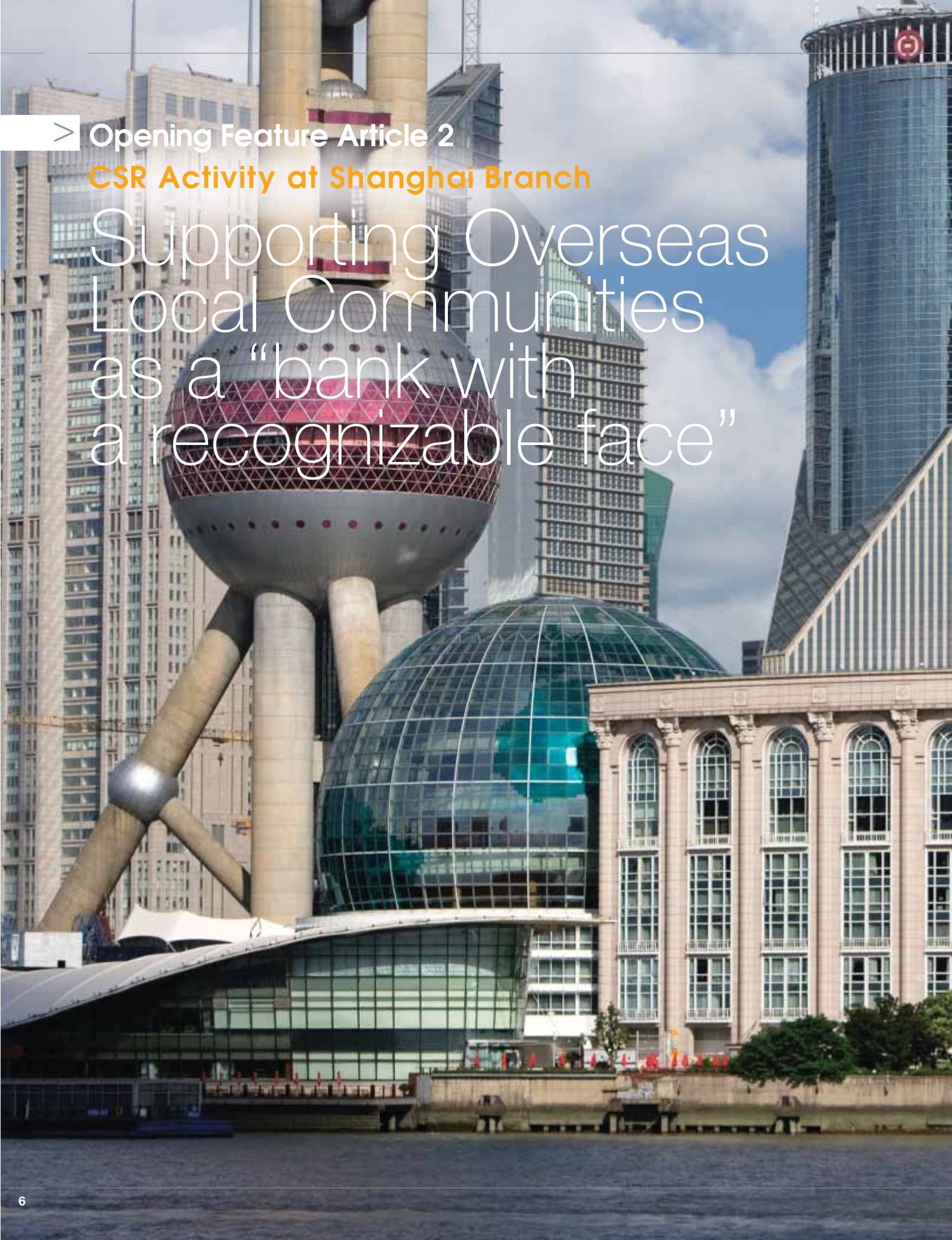
Sumitomo Trust was represented at a ministerial-level meeting of the Ninth Conference of the Parties to the Convention on Biological Diversity (COP9) that was held in Bonn, Germany, in May 2008.



Opening Feature Article 2

CSR Activity at Shanghai Branch

Supporting Overseas Local Communities as a “bank with a recognizable face”



Reflecting Sumitomo Trust's hope to serve as a "bank with a recognizable face" anywhere and anytime, its branches abroad as well as in Japan engage in a variety of activities to deepen their ties with local communities. Our Shanghai branch, for example, provides support for education at a school for children of migrant workers from rural areas, thus tackling the social problem of a lack of adequate education, which tends to be overlooked amid the rapid development of regional economies.

The building that houses the Shanghai branch is located in an area where a cluster of skyscrapers that symbolize Shanghai's economic development stand. Providing children with the opportunity to mingle with Sumitomo Trust employees working in the forefront of the financial center in Shanghai may encourage them to dream of a rewarding career and to study hard to realize the dream.

With such a possibility in mind, we started to provide support for education at a neighboring school in February 2008.

First, the Shanghai branch donated a world atlas to each class and gave books and stationery goods to 54 students with outstanding academic performance, out of the total student body of slightly over 1,200. The branch also held a sports event for both students and branch employees at the same occasion as the gift presentation ceremony. A total of 35 branch employees participated in the event, interacting with children and developing friendships.

In addition, we held an essay contest for upper-grade students, with the theme: "My Dream for the Future," and a drawing contest for lower-grade students. We selected 10 winners out of the 60 or so contestants and invited them to visit the Shanghai branch office, located on the 50th floor and watch branch employees engaged in their jobs. This was apparently a perspective-broadening experience as most of the students had never before been up a skyscraper or talked to foreigners.

Sumitomo Trust are promoting activities like this with the catchphrase "With you." Our branches engage in social contribution activities matching local needs.

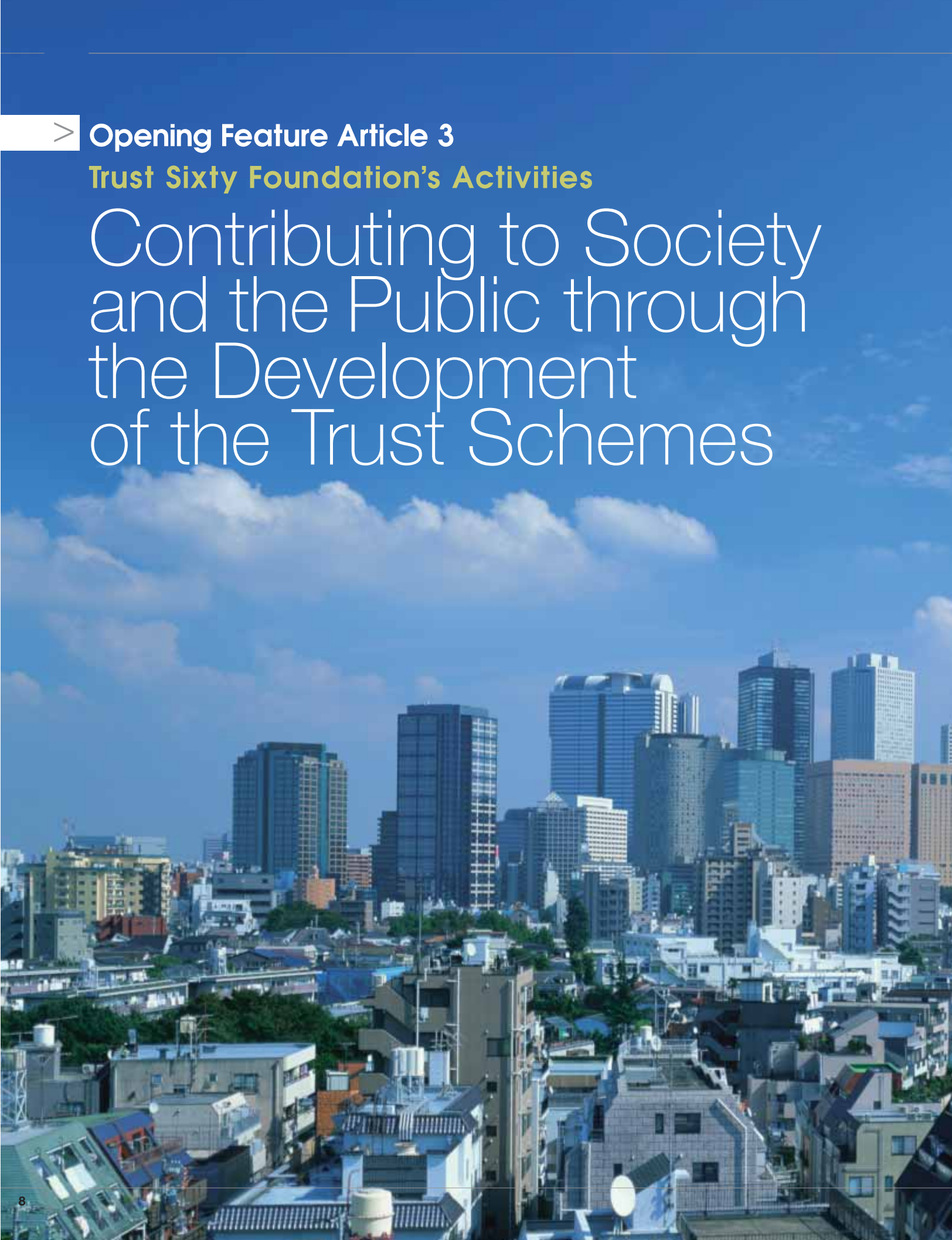


Students visiting Sumitomo Trust's Shanghai branch office

> Opening Feature Article 3

Trust Sixty Foundation's Activities

Contributing to Society and the Public through the Development of the Trust Schemes



Since its establishment in 1925, Sumitomo Trust has met the needs of the times by developing and popularizing a variety of trust schemes. For example, the loan trust products, which we started selling in 1952, satisfied the Japanese industry's strong funding needs in the era of post-war reconstruction and supported the country's rapid economic growth. Meanwhile, the land trust, which we developed in 1984, contributed to social infrastructure building as the product enabled effective use of entrusted land for various purposes.

In line with our commitment to the development of the trust business, we set up Trust Sixty Foundation (hereinafter referred to as "Trust Sixty") in 1987, when we celebrated the 60th anniversary of our establishment. This foundation was intended to realize our corporate motto we have had since our establishment: contributing to society and the public through the popularization and development of trust schemes.

Since its establishment, Trust Sixty, as the only Japanese research institution specializing in trusteeship, has made a number of research achievements and made efforts to spread the use of trust schemes. Specifically, it has offered financial education (about trust schemes) to universities, made social contributions, and supported financial institutions' initiatives for environmental problems.

Among the recent activities of Trust Sixty is research on the environmental added value of real estate. The findings of the research were compiled as a report entitled "The Added Value of Sustainable Real Estate and its Diffusion and Promotion Business" in October 2007.

Another activity is the provision of support to NPOs (non-profit organizations). As the importance of the non-profit private sector is increasing amid the ongoing social trend of shifting power from the public to the private sector, Trust Sixty provides support for NPOs' research concerning financing methods using trust schemes. Specific targets of Trust Sixty's support include research by the non-profit organization Social Innovation Japan (SIJ), regarding the method of measuring the value of social businesses (social innovation), and research and the presentation of recommendations by the non-profit organization Social Investment Forum Japan (SIF-J), regarding the popularization of Socially Responsible Investment (SRI).

Regarding support for education about trust schemes, Trust Sixty has provided education programs to Kyoto University, Kobe University, Waseda University and Keio University, among other institutions.

Trust Sixty plans to continue devoting efforts to research themes that contribute to the sustainable development of society in light of the significance of trust schemes for society.



An endowment lecture at Keio University

Path1. Business Innovation

Resolving Global Warming and Other Ecological Problems by Exercising Trust Functions ————— >

Providing solutions in the form of financial functions to a variety of social problems, including the increasingly serious problem of global warming — this is Sumitomo Trust's most important CSR activity. We will achieve business innovation by continuing to create new financial businesses that simultaneously contribute to the sustainable development of society and enhance our corporate value.

Plan and Achievements for Fiscal Year 2007 and Goals for Fiscal Year 2008 Regarding Path 1

Fiscal Year 2007		Fiscal Year 2008
Plan	Achievements	Goals
<ul style="list-style-type: none"> To further promote the “Eco-Trustution” (e.g. development of products and services concerning the environmental value of real estate, financing for energy saving schemes and emission rights) 	<ul style="list-style-type: none"> Started activities to tackle biodiversity-related issues. Adopted the Basic Policy on Biodiversity together with the Basic Plan on Global Warming Made progress in the development of new products and increased sales of emission rights trusts, mainly through sales channels of regional financial institutions Concluded a contract to manage an SRI (Socially Responsible Investment) fund on behalf of a Japanese public pension fund for the first time 	<ul style="list-style-type: none"> To expand the line-up of “Eco-Trustution” products and services and strengthen support for the utilization of solar power To start a study on financial products and services focusing on biodiversity-related issues To expand the line-up of products, including charitable trusts, that contribute to solving social issues

> That is the “Eco-Trustution,” Which Simultaneously
Contributes to the Sustainable Development of Society
and Enhances the Corporate Value.



Comment from the Officer in Charge of Promotion

We face a number of environmental issues, including global warming, waste disposal and biodiversity, which are closely related to problems in other fields such as natural resources, energy and foods. A broad long-term perspective is essential to tackle these problems.

Sumitomo Trust is well-positioned to deal with these problems given its strengths, such as its pool of talented experts and its diverse range of financial functions. Sumitomo Trust officers and employees share a common perspective on the need to give consideration to the environment, enabling individual business divisions to cooperate in the development and sale of new products and services. Also essential is cooperation with partners equipped with expert knowledge and skills, such academics, suppliers and NPOs.

We find the development of Eco-Trustution products challenging but rewarding as it requires us to identify the fundamental nature of environmental issues and patiently resolve problems one by one. In this process, our network of partners expands. We expect that if we conscientiously engage in the development of products and services that truly satisfy the needs of society, our development achievements will be widely recognized and will contribute to solving environmental problems.

FUMIAKI GOTO, Senior Manager, Corporate Social Responsibility Office, Corporate Planning Department

> Sumitomo Trust's "Eco-Trustution"

Sumitomo Trust has placed priority on promoting the environmental finance business by dubbing it "Eco-Trustution," a word coined to describe the mechanism of this business: providing solutions to ecological problems through the utilization of trust functions. In the business, we analyze the factors that impede efforts to tackle environmental issues and develop and provide solution-based financial products and services.

> 1. Activities to Contribute to Tackling Global Warming

(1) Preferential Rate Loans for Environment-Friendly Housing

In 2004, we introduced a housing loan product that provides preferential interest rates for houses equipped with solar power generation systems. Later, the scope of such products was expanded to cover all-electric houses (those whose only power source is electricity) and houses that incorporate energy-efficient gas equipment. Thus, Sumitomo Trust has become a pioneer in supporting efforts to reduce CO₂ emissions from households.

In October 2005, we developed and started providing preferential rate loans for large-scale condominium projects as part of the Tokyo Environmental Finance Project^{*1}, with rates linked to the ratings assigned under the Apartment Environmental Efficiency Label Program^{*2} (a maximum discount of 1.2% from the standard rate).

In October 2006, Kawasaki City in Kanagawa Prefecture launched a similar environmental labeling program, called "CASBEE (Comprehensive Assessment System for Building Environmental Efficiency^{*3}) Kawasaki." Sumitomo Trust launched a CASBEE-linked housing loan product, introducing it to coincide with the launch of the "CASBEE Kawasaki" program.

^{*1} The Tokyo Environmental Finance Project was launched in January 2005 in line with the Tokyo Metropolitan Government's request for financial institutions to "develop financial products that encourage efforts by companies and individuals to tackle environmental issues."

^{*2} The Apartment Environmental Efficiency Label Program requires developers, if constructing or expanding condominium buildings with a total floor area exceeding 10,000m², to include ratings labeling in their advertising of the buildings. This labeling indicates the ratings assigned under a three-grade system with regard to four environmental items.

^{*3} The CASBEE program, developed by experts under the initiative of the Ministry of Land, Infrastructure, Transport and Tourism, is aimed at reducing the environmental impact of buildings through improvements to the environmental performance of buildings.

(2) Promotion of Solar Finance Project

Regarding solar power generation, which is one of the centerpieces of Japan's efforts to tackle global warming, the government has set the goal of increasing the installed generation capacity 10-fold from the current level by 2020 and 40-fold by 2030.

Since we started to offer a housing loan product that provides preferential interest rates for houses equipped with solar power generation in 2004, earlier than other major banks, we have engaged in activities to disseminate solar finance, including the provision of low-interest-rate loans by Sumishin Matsushita Financial Services Co., Ltd., a Sumitomo Trust Group company, for the installation of solar panels and equipment that utilizes solar heat. In the future, we will actively provide financial solutions that would promote mega solar power generation projects and expand opportunities to utilize solar energy in the industrial sector.

In July 2008, we set up a "solar finance project team," which comprises staff from across various business divisions, in order to contribute to the solar energy sector's expected rapid development through financial solutions. This project team will promote the development and sale of financial products while maintaining cooperation between business divisions.

(3) Environmentally Friendly Project Finance and Securitization

Sumitomo Trust is involved in financing environmentally friendly projects, with a particular focus on renewable energy-related initiatives, such as biomass ethanol production and wind power generation. As of the end of March 2008, we were involved in project finance for 15 environmentally friendly projects with a total outstanding balance of approximately 24.5 billion yen. In fiscal year 2007, we started new initiatives, such as establishing a European investment fund targeting wind power generation businesses, in partnership with Mitsubishi Corporation and Green Power Investment Corporation, which engages in wind power generation, among other partners.

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

The emission volume of energy-derived CO₂ in Japan in fiscal year 2006 was up 12% compared with fiscal year 1990. The emissions from the commercial sector (including business offices) rose particularly sharply, posting an increase of 39.5%. In light of this situation, the government has made clear its stance of devoting increased efforts to reducing CO₂ emissions from commercial buildings.

However, progress in energy conservation has been slow for commercial buildings, tenant buildings in particular, due to a divergence between the interests of tenants and those of building owners: tenants stand to enjoy most of the benefits of any energy

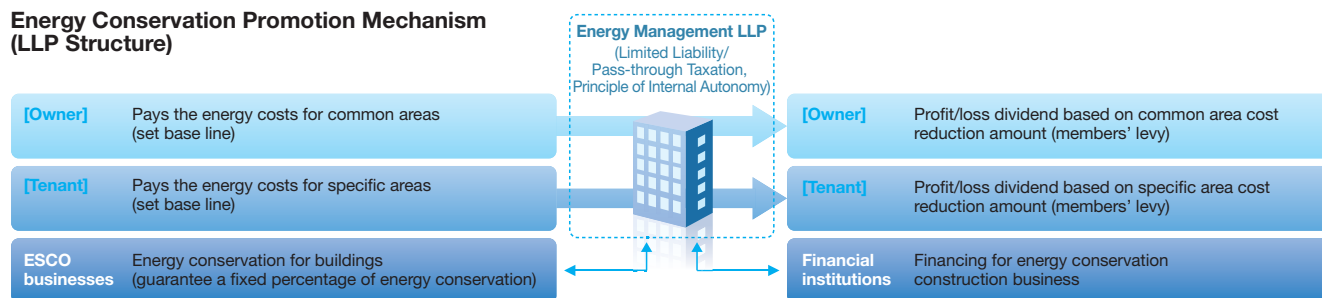
conservation efforts they make whereas building owners see little incentive for investing in energy efficient facilities and equipment.

To resolve this situation, Sumitomo Trust is studying and proposing a financial mechanism* that promotes energy conservation through the cooperative efforts of owners and tenants, in the form of limited liability partnership (LLP) and other arrangements.

We are confident that such mechanisms will serve as models for coordinating the interests of building tenants and owners and contribute to reducing CO₂ emissions from the commercial sector.

* This is a study jointly conducted by Sumitomo Trust, Building Performance Consulting, Inc., S-net Co., Ltd. and Arata Sustainability, Co., Ltd. NEDO (New Energy and Industrial Technology Development Organization), an independent governmental agency, has provided a grant for the study.

Energy Conservation Promotion Mechanism (LLP Structure)



(5) Use of Trust Schemes in Emission Rights Trading

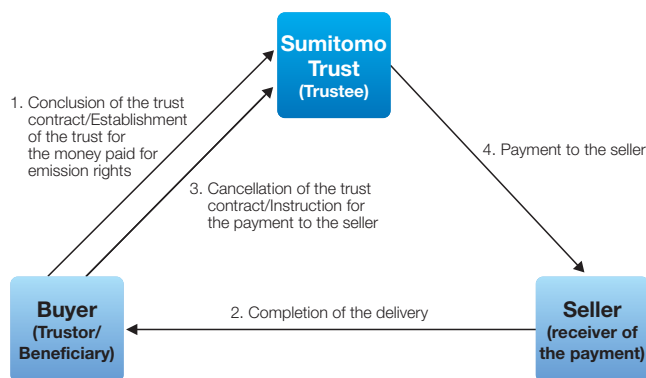
Trusts for Emission Rights Settlement Funds

When companies find it difficult to achieve their targets for the reduction of greenhouse gas emissions through their own efforts, emission rights trading enables them to make up for the shortfall through the purchase of credits for the emission reduction made by others.

One problem with emission rights trading is that the period between the application for the transfer of rights and the completion of the transfer is relatively long, making it difficult in some cases for the buyer and seller to agree on whether the payment should precede the transfer or not. In order to ease this problem, Sumitomo Trust has started offering a trust function-based service that ensures safe and secure custody of the money paid by the buyer in trust account and transfer of the money to the seller upon the buyer's instruction, after making sure of the transfer of the emission rights to the buyer.

We believe that this service contributes to ensuring the safety of a broad range of commercial transactions, including emission rights trading.

Mechanism for Sumitomo Trust's Trusts for Emission Rights Settlement Funds

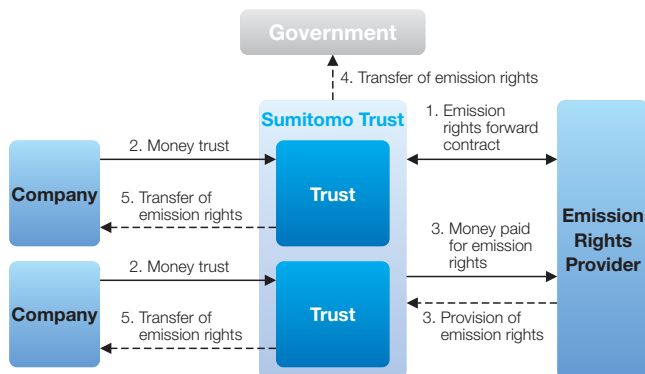


Trust Schemes for Small-Lot Sales of Emission Rights

Until now, emission rights trading has been dominated by large-lot-transactions by a small group of major companies. Sumitomo Trust has developed a trust product for small-lot sales of emission rights by converting them into trust beneficiary rights (the minimum amount of trade has been lowered to 1,000 tons). The sale of the product started in June 2008. Specifically, we have created a trust product based on emission rights purchased from a Clean Development Mechanism* project (a small-scale hydroelectric power generation project) in China, in which general trading company Marubeni Corporation is involved, and we have also undertaken administrative work related to the management of emission rights. The trust product has been sold through Hokkaido Bank, Hokkoku Bank, Saitama Resona Bank, Nishi-Nippon City Bank, all of which are our trust agents, to six clients, including regional companies.

* The Clean Development Mechanism allows industrialized countries to count the emission reduction made through joint projects with developing countries toward their own reduction in the evaluation of the achievement of their reduction targets.

Mechanism for Sumitomo Trust's Emission Rights Trust Scheme*



* The necessary amount is transferred to the government every year. In the final year of the trust scheme, transfer to a company is available as an option.

> 2. Activities to Promote CSR Consciousness in Supply Chains

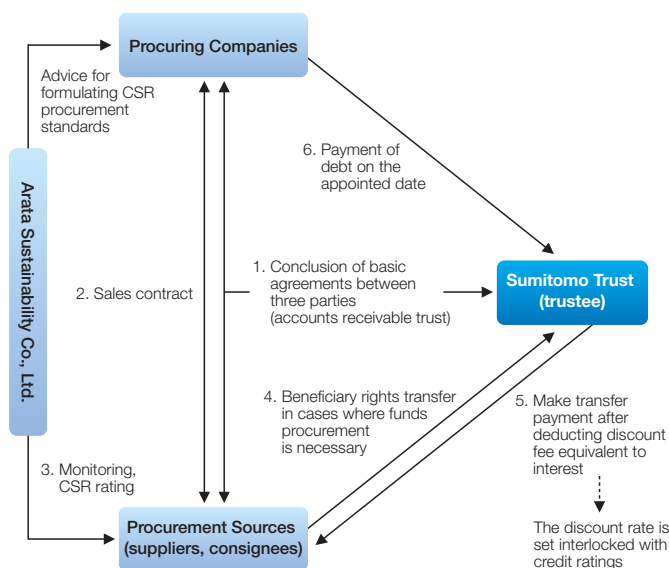
CSR-Conscious Receivables Collective Trusts

An increasing number of Japanese companies, mainly major companies, have expanded the scope of their CSR activities to cover their supply chains*, after making progress in their efforts to establish necessary systems and promote such activities within their own groups.

In particular, attention is being focused on "CSR procurement," which refers to the selection of suppliers with due consideration of their social profiles, such as labor management records, as well as their stance on environmental issues. In December 2006, Sumitomo Trust developed the CSR-Conscious Receivables Collective Trusts scheme in partnership with Arata Sustainability Co., Ltd. Under this scheme, Arata Sustainability Co., Ltd. establishes CSR procurement criteria for procuring companies and checks the compliance of their suppliers, while Sumitomo Trust purchases trust beneficiary rights of accounts receivables, rewarding higher compliance with more favorable discount rates. This helps to increase the effectiveness of CSR procurement by giving suppliers the financial incentive to enhance their compliance with the CSR procurement criteria.

* A supply chain refers to a series of business processes involved in supplying customers with products, services and information that delivers value to them.

CSR-Conscious Receivables Collective Trusts Package Mechanism



> 3. Efforts to Promote Environment-Conscious Real Estate (buildings)

(1) Research on Environmental Added Value of Real Estate

One effective way to promote environment-conscious real estate is to identify added value attributable to consideration for the environment, and recognize it as an “Environmental Added Value” that can be used in actual business transactions.

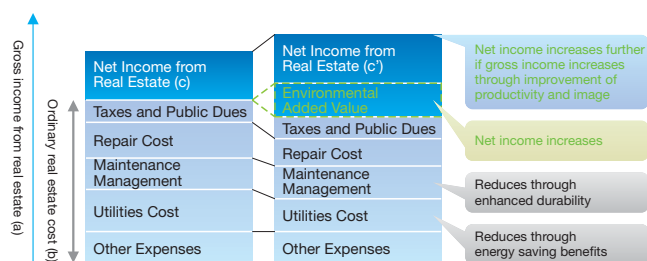
Sumitomo Trust has engaged in a study on Environmental Added Value since 2005. In fiscal year 2007, STB Research Institute Co., Ltd., which is Sumitomo Trust Group’s think tank, sponsored a study group comprising experts from various fields (Chairman: Professor Tomonari Yashiro of the Institute of Industrial Science, the University of Tokyo). Meanwhile, we have actively exchanged information with foreign institutional investors

through the UNEP FI Real Estate Working Group, in which we have been involved since 2006 (see page 51), in order to promote RPI (Responsible Property Investment).

Sumitomo Trust is considering ways of applying the results of its research on Environmental Added Value to the development of a variety of financial products and services, such as appraisal services and fund businesses, in fields other than architecture consulting* and loans for environment-friendly housing, in which we have already been engaged.

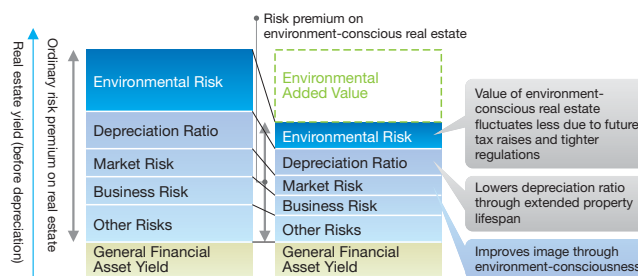
* Architecture consulting refers to consulting on energy conservation, landscaping, lengthening building life, and the adoption of a recycling system in the structural design stage of buildings and other properties. Sumitomo Trust established the Architecture Consulting Department in June 2006 to reinforce this consulting business.

Conceptual diagram of environmental added value (1) Reflection in net income



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

Conceptual diagram of environmental added value (2) Reflection in yield



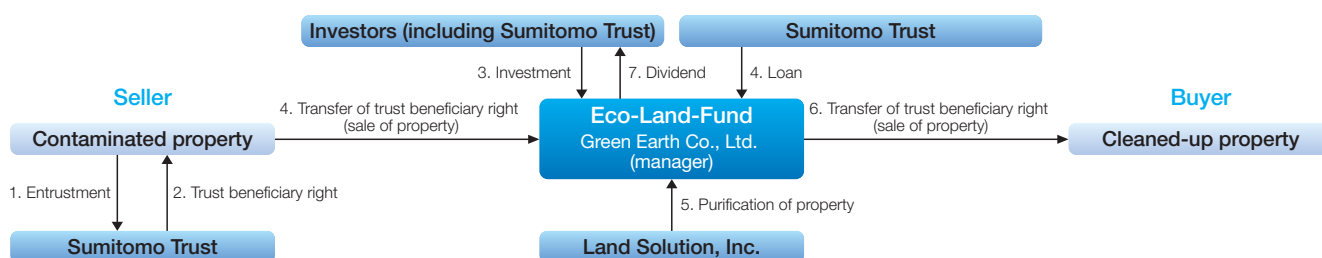
(2) Support for Contaminated Land Purchase and Revival Fund

The total value of Japanese residential land and old factory sites that remain unsold and unused due to soil contamination is estimated to be around 10 trillion yen. The Eco-Land-Fund, operated by Green Earth Co., Ltd., is intended to bring contaminated plots

of land back into use by buying them for resale after cleanup.

After making investment in Eco-Land-Fund I in March 2006, we invested in three more funds by March 2008. In addition, we support smooth management of those funds through entrusted management of real estate trusts and real estate brokerage.

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



> 4. Activities to Tackle Biodiversity-Related Issues

(1) “Business and Biodiversity Initiative” Signing of a Leadership Declaration

In May 2008, the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity (COP9) was held in Bonn, Germany. At this conference, Sumitomo Trust, together with 33 other companies around the world, signed a leadership declaration under the Business and Biodiversity Initiative, which was proposed by the German government (A total of nine Japanese companies, including Sumitomo Trust, signed the declaration).

(2) Entrusted Management of “Keidanren Nature Conservation Fund” (Charitable Trust)

Since April 2000, Sumitomo Trust has undertaken the entrusted management of a charitable trust called “Keidanren Nature Conservation Fund” for the Nippon Keidanren Committee on Nature Conservation. This fund, based on donations from corporations and individuals, provides financial assistance to nature conservation activities and projects related to the sustainable utilization of the natural environment in Japan, as well as projects implemented in developing countries by NPOs and other organizations to preserve the natural environment. The annual value of the fund’s financial assistance stands at around 150 million yen. As Sumitomo Trust is a member of the Nippon Keidanren Committee on Nature Conservation, it was represented at the COP9 as a member of this committee’s delegation.

(3) Participation in “Eco-Products 2007”

Sumitomo Trust, in partnership with two environmental NPOs, the Ecosystem Conservation Society — Japan and the Association of National Trusts in Japan, participated as an exhibitor in “Eco-Products 2007,” the largest environment-related exhibition in Japan. Our exhibition, based on the theme: “Collaboration between Financial Institutions and NPOs — Potential of Financial-Sector Contribution to the Preservation of Biodiversity,” attracted the attention of experts and company officials, with picture panels and videos that featured the relationship between consideration for ecosystems and the value of real estate, by describing the potential of real estate appraisal that reflects the viewpoint of the Environmental Added Value and by explaining about financial products that promote environment-conscious buildings.

(4) Future Policy on Biodiversity-Related Activities

The tenth meeting of the Conference of the Parties to the Convention on Biological Diversity (COP10) is scheduled to be held in Nagoya in 2010, which is the target year of the so-called 2010 target: “achieving a significant reduction in the rate of biodiversity loss by 2010.” Sumitomo Trust must make achievements commensurate with its declaration at COP9 of a resolve to become a world leader in efforts to preserve biodiversity.

Cooperation with the Ecosystem Conservation Society — Japan

Cooperation with NPOs is essential in the field of biodiversity, which requires advanced expertise. Sumitomo Trust plans to cooperate with the Ecosystem Conservation Society — Japan, with which it participated in the Eco-Products exhibition, in a variety of ways to complement each other’s activities.

Environment-Conscious Real Estate Appraisal

Sumitomo Trust has started research on how to evaluate the quality of wooded areas, from the perspective of biodiversity, as part of environment-conscious real estate appraisal (see page 15). Specifically, we will consider the possibility of using the Japanese version of the HEP (Habitat Evaluation Procedure), which has been developed by the Ecosystem Conservation Society — Japan to conduct quantitative evaluation of activities to protect or revive the natural environment in light of the qualitative and quantitative aspects and sustainability of the ecosystem.

Biodiversity SRI

In order to promote society-wide efforts to preserve biodiversity, Sumitomo Trust engages in the development of SRI (Socially Responsible Investment) schemes targeting stocks of companies that give consideration to biodiversity.

Sumitomo Trust intends to continue giving consideration to biodiversity and contribute to the establishment of evaluation criteria regarding biodiversity, as part of its development of financial products.

> Activities Regarding SRI (Socially Responsible Investment)

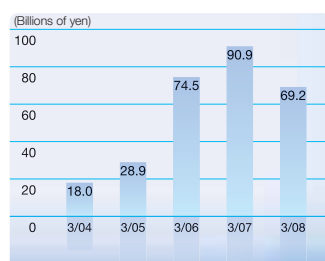
Since the announcement in April 2006 of the Principles for Responsible Investment by the United Nations, fund management methods that evaluate companies in terms of ESG (E: Environment, S: Social, G: Governance) factors have drawn intense interest. Accordingly, Socially Responsible Investment (SRI), which has been using the evaluation of ESG factors as a fund management concept has attracted renewed attention.

First Entrusted Management of an SRI fund for a Public Pension Fund

Since it started undertaking the entrusted management of SRI funds for corporate pension funds in July 2003, Sumitomo Trust has steadily expanded its lineup of SRI funds, by, for example, launching a mutual fund for retail investors called "Sumishin SRI Japan Open Fund" (also known as "Good Company") in December 2003, a fund for defined contribution pension plans in February 2004, and a privately placed investment trust for institutional investors in June 2006.

The value of assets under entrusted management as of the end of March 2008 declined 21.8 billion yen from the same period of the previous year to 69.2 billion yen. This was due mainly to a decline in the assets of "Good Company," which was attributable to (i) a decrease in the market capitalization due to a stock market downturn and (ii) a flight away from the stock market by individual investors concerned about the market's prospect. Regarding entrusted management for pension funds, the value of assets under entrusted management for corporate pension funds decreased only by 0.5 billion yen to 26.5 billion yen. In addition, SRI funds remained popular with defined contribution pension fund managers, with the number of companies adopting SRI funds increasing by 14 to 78, with total assets of 1.8 billion yen, up 0.4 billion yen. Furthermore, in fiscal year 2008, Sumitomo Trust became the first company in Japan to undertake entrusted management of an SRI for a public pension fund.

Balance of SRI Funds Managed by the Sumitomo Trust Group



Achievement of Strong Performance through Unique Screening

Sumitomo Trust's SRI funds are managed with due consideration of the ESG factors of investment target companies, as well as the degree of the companies' commitment to CSR and the contribution of CSR activities 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 SRI fund for pension funds, which has the longest track record of our SRI funds, has outperformed the TOPIX index, a major Japanese stock price benchmark, by more than 16% since the establishment of the fund at the end of July 2003 (an annual rate of 2.6%).

Reflecting this strong performance as well as our risk control capability and superior research staff in both qualitative and quantitative terms, "Good Company," a mutual fund for retail investors, 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. Furthermore, "Good Company" received the First Prize in the Japanese SRI Fund category and the Second Prize in the Defined Benefit Pension/Japanese Equity Fund category in the R&I Fund Award 2008 of Rating and Investment Information Inc.

* Track record refers to the record of performance of financial investment products such as investment trust and investment funds.

(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 in our service)

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 Social Issues

The trust business, which involves asset management and administration, and the banking business, which plays the financial intermediary function, have, in themselves, an aspect of social contribution activity. We not only fulfill our responsibilities conscientiously in executing these businesses, but also constantly continue to explore how we can contribute to satisfying the diverse needs of society and solving a variety of social problems. By developing and providing new financial services, those taking advantage of the trust function in particular, as a result of this constant quest, Sumitomo Trust will make “business-based contributions to society.”

Charitable Trusts

Charitable trusts are trust funds managed by trust banks on behalf of individuals and corporations (trustors) that wish to use their assets for specific public interest purposes. After it undertook the entrusted management of a charitable trust for the first time in May 1977, Sumitomo Trust managed a total of 140 charitable trusts by the end of March 2008.

Number of Charitable Trusts by Type

Type	Number of trusts under management	
	Unfinished	Finished
Scholarship	28	35
Promotion of natural science research	18	26
Promotion of human science research	3	4
Promotion of education	19	23
Social welfare	5	6
Promotion of arts and culture	9	9
Protection and propagation of animals and plants	1	1
Conservation of the natural environment	3	3
Development and maintenance of the urban environment	14	14
Promotion of international cooperation and exchanges	9	15
Other	3	4
Total	112	140

(As of March 31, 2008)

In fiscal year 2007, Sumitomo Trust concluded contracts to undertake the entrusted management of three charitable trusts, out of the total of seven charitable trusts established in Japan in that year.

One of the three is the “Research Foundation for Surgery in Commemoration of the 106th Annual Congress of Japan Surgical Society,” which was set up by the organizing committee of that congress. This foundation promotes and supports research activities of universities, research institutions and hospitals as well as communications and information exchanges between researchers, based on the concept that unique ideas and constant

efforts to develop them sufficiently to be regarded as theories backed by evidence of scientific objectivity are important for the advancement of surgery.

The second is the Oita Scholarship Foundation in Commemoration of Takuji Ito, set up with funds totaling 110 million yen for senior high school students in Oita Prefecture, the trustor’s home prefecture. As many as 144 students applied for the scholarship of this foundation in its first year, compared with the scholarship quota of 20 students. This foundation attracted intense attention as shown by its receipt of a commendation from the Oita Governor and an award from OITA GODO SHIMBUNSHA, a local newspaper publisher.

The third is the Evergreen environmental foundation, set up by The Iyo Bank, Ltd.(Hereinafter Iyo Bank) with funds totaling 100 million yen, in order to commemorate the 130th anniversary of the bank’s foundation. In order to contribute to the local community that has supported the development of Iyo Bank, this foundation provides assistance to activities to leave the beautiful nature of Ehime Prefecture intact for future generations and to create a bountiful and pleasant natural environment. The Evergreen name was taken from Iyo Bank’s “Evergreen” symbol.

In fiscal year 2007, charitable trusts under the entrusted management of Sumitomo Trust disbursed grants and scholarship funds to 1,287 recipients for a total of one billion yen. We are proud of the contributions we make through the management of charitable trusts to opening up the future for students, promoting medicine and preserving the natural environment.



Ceremony to award a license to undertake the entrusted management of Oita Scholarship Foundation in Commemoration of Takuji Ito

Provision and Utilization of Database Regarding Privately-Owned Fee-Based Nursing Homes

Sumitomo Trust has started providing information regarding privately-owned fee-based nursing homes to individual customers at some branches, through a senior housing database developed by Social Welfare Research Corporation. This database rates about 1,400 fee-based nursing homes across Japan under a five-grade system, by examining such factors as the location, available facilities, staff lineup, reasonableness of fee and the financial position of the operator, based on public information. Investigators visit nursing homes judged to be superior, in order to ascertain the rating by inspecting facilities and hold interviews with their administrators. The database also provides nursing home operators with high-quality information useful for making decisions regarding land procurement and mergers and acquisitions.

Amid the aging of society, privately owned fee-based nursing homes have an increasingly important social role to play. We will devote our efforts to support nursing homes as a model of social contribution business befitting a trust bank.

Participant Protection Trust

Paperless transactions of securities improve the convenience of securities trading by reducing the risks of loss, theft and forgery and cutting the transportation and storage costs. However, financial damage for investors (participants) may arise, due to erroneous records attributable to mistakes made by a transfer organization^{*1} or an account management organization^{*2}. The Participant Protection Trust is a safety net scheme that compensates participants for losses of up to 10 million yen, should such financial damage arise and the account management organization go bankrupt without fulfilling the compensation payment obligation.

Sumitomo Trust has been entrusted with the management of the Participant Protection Fund since the establishment of this scheme in 2003 because of its excellent records on the entrusted management of charitable trusts and its superior asset management capability.

^{*1} Transfer organizations, which are the trustors of the Participant Protection Fund, include the Bank of Japan and the Japan Securities Depository Center.

^{*2} Account management organizations include securities companies and other financial institutions.

Support for the Bell Mark Movement

In the Bell Mark Movement (which provides grants for the purchases of education equipment in exchange for points accumulated by parent teacher associations (PTAs) and schools through the collection of bell marks attached to the products of sponsoring com-

panies), Sumitomo Trust has been performing central administrative functions such as handling the payments from sponsoring companies to PTAs and transferring assistance funds from partner companies to the Foundation.

With the number of PTA accounts totaling about 28,800 as of the end of March 2008, the administration of these accounts requires enormous clerical work. However, as a strong supporter of the objective of this movement, "To give all children equal education in productive environment," we have served as its sole disbursement agent for 25 years since 1983. In addition, we handle financial aid transfers to disaster-stricken and other distressed areas (friendship assistance).

"Omoiyari" Special Donation Trust

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 fund products, including the "Omoiyari Special Donation Trust," which takes advantage of the structure of a special donation trust*, as a means to ensure financial support for handicapped persons through living will gifts.

In fiscal year 2007, we concluded new contracts for the management of 15 Omoiyari series trusts with total assets of some 500 million yen (As of the end of March 2008, the total number of outstanding contracts for such trusts stood at 199).

* Special donation trusts are trusts in which the money of family members or other individuals concerned is held in trust for the sake of a seriously disabled individual. A trust bank disburses money from the trust periodically. Money, up to 60 million yen, put into such a special donation fund is non-taxable.

(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

Path 2. Enhancement of Corporate Brand

By promoting CS (Customer Satisfaction) Activities and Employee-Involving Social Contribution Activities (“With You” Activities),

People’s perception of a company’s corporate brand is created based on their experiences of contact with the company, its employees and services. In order to enhance its brand, Sumitomo Trust puts priority on the enhancement of officers’ and employees’ awareness of CS (customer satisfaction) and group-wide social contribution activities (“With You” activities), including those engaged in by all of its divisions, branches, subsidiaries and affiliates.



Plan and Achievements for Fiscal Year 2007 and Goals for Fiscal Year 2008 Regarding Path 2

Fiscal Year 2007		Fiscal Year 2008
Plans	Achievements	Goals
<ul style="list-style-type: none"> To establish the Customer Satisfaction Promotion Department 	<ul style="list-style-type: none"> Established the Customer Satisfaction Promotion Department in June 2007 	<ul style="list-style-type: none"> To strengthen marketing efforts to use feedback from customers for service improvement and to enhance the PDCA cycle To promote cooperation with local NPOs in "With You" activities conducted by branches To promote "With You" activities that enhance customers' knowledge about financial crimes (e.g. "furikome" billing fraud) To promote "With You" activities regarding environmental issues, particularly biodiversity-related issues
<ul style="list-style-type: none"> To put priority on becoming the "CS No.1" bank and implement CS measures through a PDCA cycle* 	<ul style="list-style-type: none"> Established centralized management of feedback from customers and created a PDCA cycle that starts with the feedback 	
<ul style="list-style-type: none"> To renew the CSR website 	<ul style="list-style-type: none"> Renewed the CSR website by adding new sections regarding CSR-related efforts and CS (customer satisfaction) activities 	
<ul style="list-style-type: none"> To enhance the dissemination of information regarding efforts to tackle environmental issues 	<ul style="list-style-type: none"> Started co-sponsoring and supplying content to Green TV Japan, and provided environmental education at elementary schools 	

* See page 22.

> We Are Striving to Enhance Our Corporate Value as a Company that Fulfills Its Social Responsibilities in ways that Offer Comfort to Customers and Foster Pride among Employees.



Comment from the Officer in Charge of Promotion

The Retail Business Planning and Promotion Department is engaging in a variety of activities to invigorate communication and foster relationships with individual customers, so that we can serve them in the long term.

For example, as an activity to support post-retirement life, we have since 2000 implemented the annual "Love Letters at Sixty" initiative, which invites customers to contribute love letters to their spouses. Some of the love letters contributed are compiled as a book for publication, with royalty from the book used for donations. In addition, we hold events, such as exhibitions of works of art and recitation meetings in the lobbies of Sumitomo Trust branches, to create a cordial atmosphere for visiting customers. We are also engaging in activities that contribute to enhancing customers' health, and their cultural activities and studies on life planning, such as co-sponsoring walking events, the Pink Ribbon campaign and holding various seminars and lecture speeches.

Hoping to cultivate long-term relationships with customers, we will continue these activities.

KAORU EGUCHI, Leader, Advertising Planning Team, Retail Business Planning and Promotion Department

> Customers and Sumitomo Trust

— Efforts to Enhance Customer Satisfaction —

Sumitomo Trust positions the promotion of CS (customer satisfaction) activities as the most fundamental element of the conduct of the trust business.

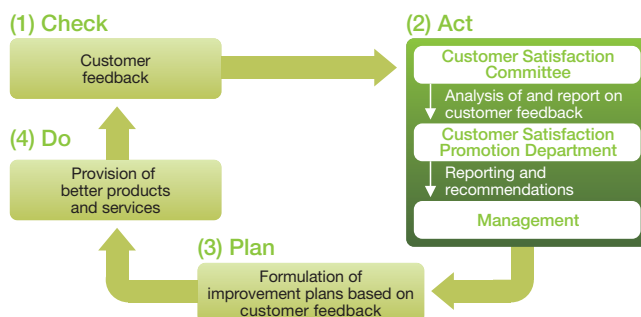
We aim to become the “CS No.1” bank by providing financial services with high added value, that satisfy the needs of customers through the combination of diverse functions that feature “STB-ness.”

> CS Promotion Structure

Sumitomo Trust accepts customers’ opinions, requests and complaints sincerely and strives to respond to them quickly and appropriately. In addition, we make efforts to improve the quality of our services and products through a PDCA (Plan, Do, Check and Act) cycle* that starts with feedback from customers.

* The PDCA cycle, which comprises four stages, namely Plan, Do, Check and Act, is a process intended to facilitate the conduct of management operations.

The PDCA Cycle of our CS Activities



(1) Check

(Please see “Mechanism for Receiving Feedback from Customers” described below.)

(2) Act & (3) Plan

CS Committees at branches and divisions are responsible for examining customers’ opinions, requests and complaints and drawing up improvement plans. The Customer Satisfaction Promotion Department promotes such activities, oversees company-wide CS promotion activities, and reports on those activities to the Executive Committees and other relevant organizations.

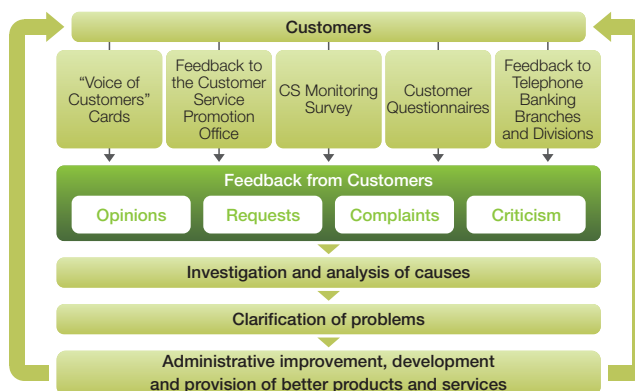
(4) Do

By implementing measures to improve products and services based on the needs of customers, we will develop and provide better products and services.

> Mechanism for Receiving Feedback from Customers

In addition to receiving feedback from customers at branches and service counters across Japan, we also collect feedback through the Customer Service Promotion Office (toll-free phone number: 0120-328-682), “Voice of Customers” cards, the “CS Monitoring Survey” (for retail investors) and “Customer Questionnaires” (for corporate customers). Responses received through these means, and improvement measures based on the responses are shared throughout our institution and form the basis of our customer-oriented management. In fiscal year 2007, we received some 180,000 feedback opinions.

Mechanism for Receiving Feedback from Customers



> Achievements of CS Promotion Activities (Specific Examples)

We are engaging in CS promotion activities, which we have dubbed “Japanese Orange Flower Project.”* Below, we provide some specific examples of such activities.

* “Japanese Orange Flower Project”: The Japanese orange flower is the symbol flower of Ehime Prefecture, where the Besshi copper mine, the origin of the Sumitomo Group enterprise, is located. We regard the five petals of the Japanese orange flower as embodiments of “customer satisfaction, employee development, confidence, reform and cordiality,” and its yellow pistil as an embodiment of a source of the potential to create the future.

Aiming to Become a Convenient and Familiar Bank

In order to satisfy the needs of customers too busy to visit bank

TOPICS | Acquisition of Top-Notch Grade from Customers

In a survey conducted in the spring of 2008 by Greenwich Associates, one of the world’s leading asset management research companies, Sumitomo Trust ranked No.1 among asset management institutions around the world in terms of customer services, as rated by institutional investors (with total assets under management equivalent to 566 trillion yen). This survey rates the level of services provided by asset management institutions, such as the making of fund management proposals and the provision of information, from a comprehensive perspective, based on questionnaires and interviews conducted with institutional investors. We regard the findings of this survey as an objective CS benchmark for the asset management business.

branches for cash deposits and withdrawals, we started shared use of ATMs with Seven Bank in March 2008. Sumitomo Trust customers can also make cash deposits and withdrawals at ATMs of Japan Post Bank and E-net ATMs installed at convenience stores.

Moreover, in order to improve the convenience of customers using the Internet, we introduced on our website a new table, for the standard prices of mutual funds, that uses a larger typeface to facilitate reading, and we expanded the entry column for cash deposits and withdrawals for ordinary deposit accounts.

Assignment of Care-fitters to Branches

In 2004, Sumitomo Trust became the first major financial institution to assign Care-fitters* to all branches. As of the end of April 2008, 62 holders of the Care-fitter certificate were working at our branches to provide support for visiting elderly customers or customers with disabilities.

* The Care-fitter certificate is a private qualification accredited by the Nippon Care-Fit Service Association, a nonprofit organization. Holders of this certificate have acquired the care-giving skills necessary required in the service industry, including the ability to provide basic assistance to blind people and help people in wheelchairs when they visit facilities such as stores and bank branches.

Enhancement of Real Estate Total Management System

We have enhanced the J-REIT (Japanese Real Estate Investment Trust) — related functions of the Real Estate Total Management System in ways to enable customers to directly access information via the Internet, thereby reducing paper use.

> Efforts to Enhance Employees’ CS Awareness

Provision of CS Training

Sumitomo Trust provides training to each class of officers and employees, so as to ensure they acquire the customer first attitude and actively engage in CS promotion activities. Our training includes programs that give newly recruited retail staff first-hand experience of service provided at a theme park well-known for its high level of customer satisfaction, and middle-class to senior management-class employees experiences of services provided by other types of businesses, so that they can learn about “moving” service and the “customer-first attitude.”

Issuance of a Biweekly E-Mail Newsletter Regarding CS Promotion Activities

In order to further improve the quality of CS promotion activities,

we issue a biweekly e-mail newsletter that provides employees with information regarding examples of superior CS promotion activities conducted at various workplaces and activities by other companies.

CS Forum

In January 2008, the Customer Satisfaction Promotion Department held a CS forum in which a total of about 150 employees from across various business divisions of Sumitomo Trust participated. After Sumitomo Trust President Hitoshi Tsunekage delivered a speech with the theme “CS Promotion as the Basis of Sumitomo Trust’s Management,” representatives of individual departments reported on CS improvement efforts in their workplaces and their achievements. This forum provided us with the opportunity to reflect on CS from a company-wide perspective.

> “With You” Activities

— Social Contribution Activities —

At the company-wide level and at the branch level, we engage in a wide range of social contribution activities so that we may become a bank with a “visible face” that can be recognized by our customers and stakeholders alike. With the catchphrase “With You,” Sumitomo Trust has been engaging in such activities. In this section, we explain our recent social contribution activities that were conducted at the company-wide level and by individual branches, as well as education-related activities.

> Company-Wide Level Activities

🍁 “Love Letters at Sixty”

Through the “Love Letters at Sixty” program, which was launched eight years ago, we have helped senior people express their love to their spouses and reaffirm their bonds. In fiscal year 2007, a total of 10,824 letters, all of which revealed deep love and a bond between lifelong partners, were contributed in response to our invitation to the program. As in usual years, about 160 letters were selected and published as a collection of letters, with all the royalty from its sales donated to NHK’s (Japan Broadcasting Corporation) year-end charity campaign for domestic and international charities, and the Japan Guide Dog Association. We intend to continue this program and share moving experiences with many people.



🍁 Participation in the “Pink Ribbon Campaign”

The “Pink Ribbon Campaign,” in which Sumitomo Trust has participated since fiscal year 2005, seeks to raise public awareness of the importance of the early detection, diagnosis, and treatment of breast cancer. In fiscal year 2007, we co-sponsored “Pink Ribbon Symposiums” (main sponsors: Asahi Shimbun Co. and others) held in Tokyo and Kobe, while a total of 136 employees of Sumitomo Trust branches participated in the “Pink Ribbon Smile Walk” event. In and around October 2007, Sumitomo Trust branches hosted lobby displays featuring the “Pink Ribbon Campaign” to help customers learn about breast cancer.



🍁 Co-Sponsorship of the Hanno Shinryoku Two Day March

Health is an issue of particular interest to our customers. We co-sponsor the Hanno Shinryoku Two Day March (main sponsors: Hanno City, Saitama Prefecture, Asahi Shimbun Co., the Japan Walking Association, etc.), which is one of the most prominent two-day march events in Japan. In the 2008 Hanno Shinryoku Two Day March, 13,000 people participated in the event over the two days, including a total of 121 Sumitomo Trust Employees and representatives of the company’s customers. Our corporate image character, “Shintakun” made an appearance at the event site and amused children who participated in the event.



Co-Sponsorship for Sumitomo Trust Tokyo Cup Youth Soccer Tournament

Hoping to contribute to the sound development of children as agents of hope for a bright future, we co-sponsor the Sumitomo Trust Tokyo Cup Youth Soccer Tournament, which is one of the most prominent youth soccer events in Tokyo. In fiscal year 2007, a total of about 11,000 children participated in the tournament. In the finals, 48 teams that had survived the preliminary rounds competed for the championship.



Start of Co-sponsorship for Green TV Japan

Green TV, which was founded in London by a former director of BBC (British Broadcasting Corp.) with a view to creating a media accessible by environment-conscious people around the globe, is the world's only Internet broadcaster specialized in environmental issues. Feeling empathy with the objective of Green TV's foundation, we started to co-sponsor the Japanese version, Green TV Japan, in November 2007.

Green TV Japan offers five specialist channels focusing on (1) global warming on Sundays (2) the natural environment on Mondays (3) biodiversity on Tuesdays, (4) economy on Wednesdays and (5) discussion on Thursdays, through which about 200 video clips can be viewed at no cost. Sumitomo Trust has provided video clips featuring its Mt. Fuji cleanup program (see page 26), and stressing the importance of preserving ecosystems for distribution through Green TV Japan, plans to continue supplying video content.



TOPICS | Environmental Education Using Internet Documentary Video: Matsuyama Branch

In June 2008, the Matsuyama branch, together with Green TV Japan, provided support for environmental education for sixth graders at a neighboring elementary school. The children learned about environmental issues arising around the world and environment-conscious activities practiced in everyday life, and submitted "My Declaration" for the preservation of the global environment. In their declarations, many children showed increased interest in the environment, with some warning that the Earth could become an environmental shambles in 50 years, while others pledged to quit the wasteful use of goods or to devise schemes to improve the environment. Video footage of the classroom environmental lesson was provided to Green TV.



Support for People with Disabilities through Purchase of Gift Flowers

We purchase orchid flowers grown as gifts by people with disabilities employed by CSK Green Service Corporation, as we feel empathy with the company's effort to increase the employment of disabled people. Meanwhile, our Toranomon consulting office supported the "Lapeal" production facility for people with disabilities in Minato Ward, by purchasing products made there for corporate gifts. The Himeji branch has been sponsoring concerts in order to support a local production facility employing people with disabilities.



> Branch Activities

Forest Improvement and Maintenance: Wakayama Branch

The “Shintakun-no-Mori” forest, named after our corporate image character, is located in Hidakagawa-chou, Hidaka-gun, Wakayama Prefecture. It is part of the “Kigyono Mori” (Corporate Forest) project. Following tree-planting in 2007, a total of 60 people, including Sumitomo Trust employees, mainly from the Wakayama branch, and their families, participated in brush-cutting and thinning activities in that forest in July 2008. Over the 10-year period through 2017, we plan to maintain and improve this forest while fostering a relationship with the local people. The volume of CO₂ to be absorbed by the “Shintakun-no-Mori” forest, with a total area of about 0.75 hectares, over the next 100 years is estimated at about 300 CO₂ tons*.

* This figure is an estimate calculated under Wakayama Prefecture's own certification system, which was established in April 2007.



Mt. Fuji Clean-Up Program: Kofu and Shizuoka Branches

The Kofu and Shizuoka branches, together with Fujisan Club, an NPO, sponsor voluntary cleanup activities in the Aokigahara forest at the foot of Mt. Fuji. A total of about 120 Sumitomo Trust employees and family members from across Japan participated in the third cleanup round, which was conducted in September 2007, and collected about one ton of empty cans, PET bottles and other rubbish in two hours. Video footage of the cleanup activity was provided to Green TV Japan (see page 25).



Lecture for Senior High School Students by Plasma Display TV Investor Tsutae Shinoda: Yamaguchi Hofu Branch

Mr. Shinoda, known as the “father of the plasma display TV,” was the leader of the research team that developed full-color plasma display technology. In February 2008, the Hofu branch in Yamaguchi Prefecture invited Mr. Shinoda, a native of the prefecture, to give a lecture to 600 students from local senior high schools. His story about how he overcame difficult challenges to succeed in the development of the plasma display TV apparently touched the students' hearts, prompting many of them to write essays about their impressions of the tale.



Disaster Prevention/Mitigation Fair: Sakai Branch

In the Nankai region, a major earthquake has been occurring every 100 to 150 years, with the next one expected to take place by 2050, according to some estimates. In light of this earthquake risk, with the support of Sakai City and firefighting authorities, the Sakai branch held the Sakai Disaster Prevention/Mitigation Fair in March 2008, in order to help local people learn about disaster prevention and mitigation.

The fair involved a lecture by Professor Izumi Shibata of the University of Shiga Prefecture, and an event for a variety of hands-on experiences (an earthquake drill, practice in using a fire extinguisher, life-saving practice, a lesson on how to use an AED (automated external defibrillator), rope use, display of a fire engine, a lesson on candle-making), providing participants with the opportunity to learn about disaster prevention and mitigation in a familiar atmosphere.



> Activities by Affiliates

Computer Classes for the Elderly: Sumishin Information Service Company Limited

Hoping to enable elderly people to use personal computers to improve their lives, Sumishin Information Service Company Limited, which supports the computer system operation of the Sumitomo Trust Group, offers computer classes for the elderly, which are very popular, in Fuchu, Tokyo, where its headquarters is located.

In fiscal year 2007, the company held seven lesson sessions, which were attended by a total of 90 elderly people from neighboring areas.



25th Anniversary Ecology Campaign: Sumishin Card Company Limited

Sumishin Card Company, Limited conducted an ecology campaign to coincide with the 25th anniversary of its foundation. In June 2008, the company participated in a tree-planting project organized by Environmental Relations, an NPO, with its representatives planting trees to which their nameplates and messages wishing for the prevention of global warming were attached. It also made a donation to cover the tree-planting cost. In addition, Sumishin Card selected ecology-conscious products for use as gifts under the commemorative campaign of Sumishin Visa Point Club, which comprises holders of the Sumishin card as members.



> Education-Related Activities

Co-Sponsorship of the Japan Future Leaders School

Sumitomo Trust has been co-sponsoring the Japan Future Leaders School (headed by the chairman of Nippon Keidanren, Mr. Fujio Mitarai), which is intended to foster the next generation of leaders who will support Japan's future and contribute to the world. In fiscal year 2007, the fourth year of the program, 160 senior high school students selected from across Japan participated in the two-week training camp and learned about philosophy, liberal arts and other matters that the next generation of leaders need to know, from lecturers with outstanding achievements in various fields. We also dispatched employees to serve as "class teachers."



Comment from a Class Teacher at the Japan Future Leaders School:

Tadashi Ejima, Senior Manager, Corporate Planning Department

The one week I spent with the students passed very quickly. I was surprised at their strong determination to become future leaders in fields ranging from politics and economy to the environment and international affairs. Through exchanges with them, including my lessons on financial affairs, I think I was able to give them a bit of advice as a person with a little more social experience than them.

I have been keeping in contact with the students and other class teachers. I would like to continue to provide support to young people on whose shoulders the future of Japan rests.



Contribution to Academic Research through Lectures at Universities and Graduate Schools

Since 2005, we have been holding Family Business Study Lectures as endowment lectures at the Waseda University Nihonbashi campus. We also hold lectures on data analysis at the Yokohama National University School of Business, and corporate finance theory at Nihon University. Moreover, we held lectures on corporate society theory at the Hitotsubashi University Faculty of Commerce and Management, and lectures mainly concerning SRI (Socially Responsible Investment) at Keio University, Osaka University and Waseda University (lectures at these universities and Hitotsubashi University are endowment lectures provided by the Japan Securities Investment Advisers Association and the Investment Trusts Association), as well as at Meiji Gakuin University.



“Job Shadow”

In July 2008, we implemented the “Job Shadow” program, which invites students to the workplace to watch Sumitomo Trust employees engaged in their jobs. Five students from a junior high school attached to Honjo-Higashi Senior High School were invited to visit a Sumitomo Trust office to watch the work of employees conducting asset management-related jobs, such as fund managers, analysts and investment sales officers. The Job Shadow program provided students with the opportunity to reflect on the significance of work through their first-hand contact with the Sumitomo Trust employees.



Financial Education at Elementary Schools

Sumitomo Trust branches provided a variety of financial education programs in partnership with neighboring elementary schools. The Chuo branch in Tokyo held a money lesson for fifth graders at Joto Elementary School in Chuo Ward in February 2008, following a similar lesson given last year. The children who took the lesson, which concerned the three basic functions of money (exchange intermediation, measurement of value and storage of value) eagerly listened to the lecturer and showed interest in the branches’ facilities, such as the bank vault and the reception counter.



Support for Japanese and Writing Education Research Institute

We have been supporting the activities of the Japanese and Writing Education Research Institute (Director: Toshihiko Miyagawa). The institute engages in composition writing and expression training, and was involved in the November 2007 Second Serious But Humorous Composition and Speech Contest on Tax for Elementary School Students, which we co-sponsored. Participants presented compositions incorporating unique ideas about themes such as “What if this kind of tax was introduced?” and “What if tax could be used in this way?” and received great applause from the audience.



Dialogue with Stakeholders: > Environmental Activities at the Local Community Level



NPO
Institute for Sustainable Energy Policies (ISEP)
Creator/Chief Design Coordinator

Ms. Suma Honjo

Green TV Japan
Representative Director

Mr. Masahiro Mizuno

NPO
Kyozon-No-Mori Network
Secretary General

Ms. Nahoko Yoshino

At this time, we invited Mr. Masahiro Mizuno, representative director of Green TV Japan, Ms. Nahoko Yoshino, secretary general of Kyozon-No-Mori Network, an NPO, and Ms. Suma Honjo, creator/chief design coordinator of the Institute for Sustainable Energy Policies, also an NPO, to join our dialogue with stakeholders and hold frank discussions about the promotion of the use of natural energy and the role that Sumitomo Trust is playing in local communities.

(From Sumitomo Trust, Tsukasa Kanai, Head Office Executive, Corporate Social Responsibility Office of the Corporate Planning Department and Toshihiko Mizuta, Associate General Manager of the CSR Office participated in the dialogue.)

Kanai: Sumitomo Trust has been diversifying the range of its CSR activities to include the development of financial products that promote the fight against global warming, efforts to preserve biodiversity and social contribution activities at branches. Today, we would like you to express your opinions about the utilization of renewable energy and themes for local activities. First, could you please describe the activities of your organizations?

Mizuno: Green TV Japan (hereinafter referred to as “Green TV”) is a broadband (fast Internet access) broadcaster specializing in environmental issues. For Green TV, which is a platform for collecting information, how our content should be used is an important issue. In particular, education is a major theme of our activities. Regarding an environmental education event that we held with Sumitomo Bank’s Matsuyama branch at a neighboring elementary school, I was surprised at the pupils’ high levels of video literacy and environment consciousness.

Yoshino: Kyozon-No-Mori Network’s (hereinafter referred to as “Kyozon-No-Mori”) basic activity is to have senior high school students visit “forest masters”^{*} in order to learn about knowledge and skills necessary for co-existence with forests, and how to interact with other people through face to face dialogue with them. We call this activity the “Foxfire in Japan.” I would like to talk about both education and environment today.

^{*} “Forest masters” are woodcutters, afforestation experts, charcoal smiths, woodwork masters and other experts who have knowledge and skills necessary for preserving and developing forests and utilizing their benefits, and who have been recognized as such and commended by the National Land Afforestation Promotion Organization.

Honjo: The Institute for Sustainable Energy Policies (ISEP) aims for the implementation of sustainable energy policies and, to this end, engages in activities such as making recommendations, using a citizens fund to promote a Citizens' Windmill project, and implementing a solar power project, as well as the "Green Power" project, which aims to meet Japan's obligation for the adoption of renewable energy, by encouraging each citizen to use electricity derived from renewable energy sources.

Financial Products have Spurred Interest in Renewable Energy —

Kanai: In addition to the project finance we have been already providing (for wind power generation and biomass ethanol production), we started a solar finance project in 2008 to support efforts to promote renewable energy. However, we do not quite know how much consciousness consumers have about renewable energy. What do you think, Ms. Honjo?

Honjo: When we started the Citizens' Windmill project, we certainly had some concerns. However, after seeing things such as a grandfather investing in a windmill in the name of his grandchild and a mother investing her savings in the "Global Warming Prevention Fund" for the sake of the future of her children, I can feel people's strong wishes to leave a healthy environment for the future.

Mizuno: Japanese people have a high level of environment consciousness compared with European people, but their environment-consciousness very rarely appears in the form of specific action. As a media for Japanese people, we are considering how to provide them with the opportunity to take action, namely how to foster "green consumers" (people who give consideration to environmental friendliness as a benchmark of their general daily life activities). In this respect, ISEP's Citizens' Windmill project encourages environment-conscious action, as it allows people to see the results of their investment in a concrete form and stimulates their desire to participate in a "story" of environmental protection.



Honjo: Recently, it has been actively argued that something must be done to deal with energy problems. However, it appears to be difficult to lead such arguments to concrete actions. In this sense, the Citizens' Windmill project could become a symbol of environment-conscious action and environmental education.

First-Hand Experiences Foster Green Consumers —

Kanai: What is your view on education for fostering "green consumers"?

Mizuno: It is not sufficient to lecture people about the concept that we must become "green consumers" or to give them theoretical knowledge about global warming. The necessary thing to do is to provide comprehensive learning opportunities that give people first-hand experiences and raise their awareness level of the environment. NPOs exist exactly for that purpose.

I have asked two senior high school students who participated in the "Foxfire in Japan" to work for us as a TV camera man and a navigator (narrator). I have found that such students can express their own ideas about the environment, as they have learned from their own experiences of forest excursions and communications with senior knowledgeable men. I am sure that they will become "green consumers" of their own accord.

Yoshino: I believe that senior high school students naturally know of the problem of global warming and are aware of the importance of preserving forests. However, they do not know how environmental issues relate to their everyday life. In recent years, "kimeru" (an outburst of rage) and "hikikomori" (seclusion) have become standard terms to describe young people's behavior and characteristics. However, I think that by communicating with elderly people across the generational divide, young people will be able to widen their social perspective, develop interests in issues like nature preservation and environmental protection, and express their own ideas about those issues.

Mizuno: From now on, the balance of power may tilt from companies toward consumers. The recent problems such as gasoline and food price hikes and climate change, and people's behavior regarding them will lead to the rise of "green consumers." So, I suppose that how financial institutions envision what should be done next is increasingly important.

Cooperation with NPOs Is Becoming Increasingly Important at the Local Community Level —

Mizuno: Regarding the problem of global warming, for example, if greenhouse gas emissions are to be halved by 2050, our economic model must be radically changed. In order to envision an entirely new grand design of industry, it is essential that various organiza-

tions bring together their knowledge across the organizational boundary and perform functions in their own areas of strength. Cooperation is more important than ever before.

Mizuta: From the perspective of local community, Sumitomo Trust has 60 branches in Japan, and each branch conducts social contribution activities in its own way. If asked whether the branches really understand the circumstances of local communities well and make proper contributions to them, I would have to say there are still challenges that must be overcome.

Yoshino: The important thing is that new initiatives arise at the local community level, whether they may concern the preservation of diversity or energy problems. Will banks provide support for such initiatives — how much information do local branches have? How much are they communicating with local people? These are important issues.

Let me talk about an episode in a forestry-dependent area in which I am involved. There, a new generation of owner presidents of local companies gathered to hold in-depth discussions about what the area should be like 10 years from now. As a result, they started a wood biomass power generation initiative, which utilizes as an energy source wood scraps and sawdust that were previously disposed of by sawmills as waste. The manager of the local bank branch supported this initiative and provided the first loan for it.

Honjo: When we consider environmental issues, “local communities” are the key words. Citizens, NPOs, local governments and companies have their respective roles to perform in order to revitalize local communities. Local communities should learn from each other to improve themselves. To that end, people should first cooperate with each other in their own local communities to create a recycling society. And then, a variety of movements will arise, including a flow of money and education and learning initiatives.

Financial Institutions Should Pay Attention to the New Flow of Money —

Yoshino: If we keep going based on the conventional sense of values, humankind and the Earth will perish. We must reconsider how to evaluate things that cannot be measured by monetary value; there are many such things around the world.

There are signs of a change. Regarding agriculture, for example, nationwide sales of “direct-from-the-farm” agricultural products exceeded the sales of JA Yamagata a long time ago. A new sense of value is leading to the creation of a new market, which in turn is leading to a new flow of money.

Mizuno: Financial institutions as well as companies may make the

mistake of actively investing in businesses from which consumers are turning away from, unless they understand that situation.

Honjo: Taking into consideration environmental issues and what the Earth should be like in the future, countries around the world are making a drastic shift to the use of renewable energy and to the model of a recycling society. In response, banks and investors are rushing to involve themselves in renewable energy businesses.

Kanai: Frankly speaking, I am still not quite sure whether NPOs and profit-making companies can really have common ideals.

Honjo: The important thing is whether there are people who can share ideals with us — people who have the vitality and resolve to carry out what they think is right and who have the will to change their companies. That may be true particularly because our activities are aimed at changing the status quo and creating new things.

Hopes for Financial Institutions to Link NPOs with “Trust Generation” —

Kanai: Finally, do you want financial institutions to perform functions other than financial intermediation, such as providing information?

Yoshino: Yes, I do. We often receive inquiries from people who say that they want to engage in a social contribution activity but do not know what to do, and people who say they want information regarding how to make inheritance donations. I think it is necessary for financial institutions to provide information to such people.

Mizuta: That is a useful clue for us. A large proportion of our customers is comprised of middle-age and elderly people, including a number of people of the baby boomer generation — we call them the “trust generation.” Many of such people are full of vitality and apparently wish to join an NPO after retirement so that they can lead a substantial post-retirement life.

Mizuno: Like disclosure by companies, disclosure by NPOs is also important.

Honjo: That is correct. I suppose that information regarding not only the contents of activities, but also regarding credibility will be required.

Kanai: I agree with you. We will also be making some contributions if information provided by us helps people join local NPOs.

Thank you very much for providing us with your valuable opinions and useful clues for our future activities. We will now devote our efforts to our CSR activities for the coming year. Thank you very much for joining this dialogue session.

Path 3. Better Human Resources Management

Developing the Capabilities of Employees to the Full and Creating a Working Environment in Which Diverse Talents Can Work Vigorously

In order to develop the capabilities of our employees to the full and promote their development, we are resolved to enhance our personnel management system and create a pleasant working environment. This will not only enhance our corporate value but also lead to the development of human resources capable of contributing to the sustainable development of society.



Plan and Achievements for Fiscal Year 2007 and Goals for Fiscal Year 2008 Regarding Path 3

Fiscal Year 2007		Fiscal Year 2008
Plans	Achievements	Goals
<ul style="list-style-type: none"> To expand measures for realizing the right work-life balance 	<ul style="list-style-type: none"> Promoted the introduction of a shortened work-time system for child rearing and nursing care and a paid child-rearing leave 	<ul style="list-style-type: none"> To promote activities to thoroughly establish systems for realizing the right work-life balance
<ul style="list-style-type: none"> To enhance human resources development programs 	<ul style="list-style-type: none"> Expanded curriculums for the "Rookie Training," and for the "Step-Up Training," which is provided to each class of employees 	<ul style="list-style-type: none"> To expand training programs for young employees To expand training programs for promoting an expansion of female employees' role in the workplace

> That is the Key to Sumitomo Trust's Growth
and the Mission We Need to Accomplish
to Attain the Sustainable Development of Society.



Comment from the Officer in Charge of Promotion

The source of Sumitomo Trust's competitiveness is its pool of human resources equipped with advanced expertise and a wide range of capabilities.

We believe that we can contribute to society by developing such human resources and providing them with the opportunity to work vigorously.

In our human resource management, we devote our efforts to the development of such human resources and the creation of an environment favorable for their vigorous activities. Specifically, we are striving to enhance our human resource development system based on a variety of training programs, and establish flexible personnel management and evaluation systems that put priority on enabling individual employees to consider and decide their own career plans and work vigorously.

In addition, based on the recognition that giving consideration to the work-life balance* is important for enabling employees to fully exercise their capabilities, we are promoting the expansion of a system for realizing the right work-life balance as the most important theme of the human resources management.

* Realizing the right work-life balance means creating a mechanism that harmonizes work engagement and non-work life activities so that employees, regardless of age and gender, can work in a pleasant working environment.

TATSUYA OKAZAKI, Senior Manager, Planning Team, 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 2008. Ingeniously designed to allow visitors to gain an introduction to the characteristics of our personnel system and the business divisions of Sumitomo Trust, the revamped website features items like employee interviews so that the viewers can visualize the reality of our businesses and employee life more closely. This renewal has yielded rapid results, with, for example, approximately 30,000 people applying via the website during the 2008 recruitment period.



Our Recruiting Website

Moreover, Sumitomo Trust makes an active effort to recruit experienced people including those with highly professional expertise (mid-career hires). In fiscal year 2007, we hired a total of 195 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 2007, 361 undergraduate and graduate students participated in programs developed autonomously by each business division to experience our workplace firsthand.

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. In fiscal year 2007, approximately 50 employees made use of this system.

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.

For example, we improved management training for branch and department managers and team managers and introduced training for young and mid-level employees, in which they are expected to make improvement appropriate to their respective roles. 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 Open Academy and the Skill-up Training.

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.

Act: 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.

* See page 22.

> 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 2007, a total of 66 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 busi-

ness 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.

> 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 2008, the ratio of female employees was 49% and the number of female managers was 85 (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, 2008, the percentage of disabled persons employed by Sumitomo Trust is 1.83%, exceeding the 1.80% required by law. The average percentage for fiscal year 2007 overall was 1.83%, 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.

Employee Breakdown

	March 31, 2006	March 31, 2007	March 31, 2008
Total employees	5,230	5,609	5,869
Male	2,762	2,890	2,993
Female	2,468	2,719	2,876
Average age	38 years, 7 months	38 years, 5 months	38 years, 6 months
Male	40 years, 7 months	40 years, 8 months	40 years, 11 months
Female	36 years, 4 months	35 years, 11 months	35 years, 10 months
Average service years at Company	11 years, 3 months	10 years, 10 months	10 years, 10 months
Male	12 years, 8 months	12 years, 5 months	12 years, 5 months
Female	9 years, 9 months	9 years, 2 months	9 years, 1 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 83 as of March 31, 2006; and 85 as of March 31, 2007; and 81 as of March 31, 2008).

3. Figures for total employees include overseas staff (of whom there were 283 as of March 31, 2006; and 309 as of March 31, 2007; and 330 as of March 31, 2008).

Path 4. Cost Management and Cost Reduction

Energy Conservation and Resource Conservation Lead to Cost Reduction.
Introduction of ISO14001 Promotes the Environmental Management Based on the PDCA Cycle.

Sumitomo Trust is devoting efforts to the “Eco-Trustution,” which contributes to tackling environmental issues by utilizing financial functions, and promoting its own environment-conscious activities. We aim to integrate such activities into our management strategy by introducing the ISO 14001 international standard for environmental management.



Plan and Achievements for Fiscal Year 2007 and Goals for Fiscal Year 2008 Regarding Path 4

Fiscal Year 2007		Fiscal Year 2008
Plan	Achievement	Goals
<ul style="list-style-type: none"> To rebuild the environmental management system with a view to acquiring the ISO14001 certification 	<ul style="list-style-type: none"> Almost finished rebuilding the environmental management system Started activities aimed at acquiring the ISO14001 at major office buildings 	<ul style="list-style-type: none"> To acquire the ISO14001 at major office buildings To draw up a company-wide energy conservation plan based on the revised Energy Conservation Act, and start implementing specific measures

> We Aim to Enhance Our Corporate Value by Making Our Environment-Conscious Activities More Systematic Based on a Medium-Term Perspective.



Comment from the Officer in Charge of Promotion

As the problem of global warming has become more serious, conducting environmental activities has become a responsibility that financial institutions must fulfill as a matter of course. Also, customer needs are growing for asset management schemes through which they can contribute to the protection of the environment, such as SRI (Socially Responsible Investment). Financial institutions can contribute to the protection of the environment not only through their own environment-conscious activities such as energy and resource conservation, but also by providing environment-conscious services utilizing financial functions. We have already been making environment-conscious efforts and intend to achieve more visible and sustainable improvement by introducing the environmental management system based on the ISO14001 standard and establishing a PDCA (Plan, Do, Check and Act) cycle. First, we would like to enhance company-wide environment-consciousness, by having an environmental management system well established at the Fuchu Building and Senri Building, both of which consume large volumes of energy, as well as South Tower, where the headquarters' functions are concentrated. We will consider what we can do to contribute to the sustainable development of society and ensure that individual employees will act with an enhanced level of environment consciousness.

MAI SAKUMA, Planning Team ISO14001 Office, Corporate Administration Department

> Our Activities

In the Environmental Policy, Sumitomo Trust has declared its resolve to strive toward energy conservation, resource conservation and resource recycling, based on the recognition of the burden imposed on the environment by our business activities. Below, we explain part of our efforts in this regard.

Environmental Policy (established in July 2008 as a result of revising “Three Environmental Principles”)

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

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

society through efforts toward energy conservation, resource conservation and resource recycling, based on the recognition of the burden imposed on the environment by the consumption of resources and the discharge of wastes involved in our business activities.

- > We will strive to ensure continuous verification and improvement of our environmental activities and make efforts to prevent pollution.
- > We will comply with laws, regulations, rules and agreements concerning the preservation of the environment.
- > We will strive to ensure continuous improvement of our environmental activities, by setting and periodically reviewing and revising environmental objectives and targets.
- > We will strive to ensure group-wide awareness of compliance with the Environmental Policy and strive to provide appropriate environmental education.
- > We will strive to promote activities to preserve the environment, through communications with external organizations, by publicly disclosing the Environmental Policy.

> 1. Start of the Operation of the Environmental Management System

In August 2007, we selected a total of about 200 working members*¹ from our major business offices, marking the start of activities aimed at acquiring the ISO14001 international standard for the environmental management system.

First, the working members gained basic knowledge concerning the environmental management system and identified the negative elements of our business activities, which impose a direct burden on the environment, and positive factors attributable to the provision of environment-conscious financial products and services. Based on their findings, they decided priority activities and set targets for the activities as shown in the following table.

By July 2008, individual departments of Sumitomo Trust drew up their own implementation plans, and established procedures

and arrangements necessary for environmental management. Thus, we started operating the Environmental Management System in the same month.

Within the current fiscal year, we aim to acquire ISO14001 certification by completing one round of the PDCA cycle*² regarding the environmental management system. In the next fiscal year and beyond, we will make revisions as necessary in light of the implementation status and possible revisions of the Energy Conservation Act and relevant local government ordinances.

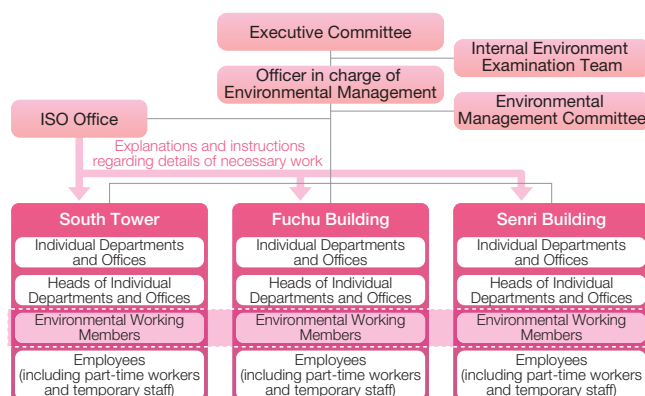
*1. Two to three members each were selected from departments of Sumitomo Trust and its subsidiaries and affiliates that are located in the Fuchu and Senri buildings and South Tower.

*2. See page 22.

Major Activities and Targets

Activities	Targets	
	(Over next three years)	(Initial fiscal year)
Paper Consumption	5% Reduction	1% Reduction
Electricity Consumption	2% Reduction	0.5%-1% Reduction
Waste Discharge	3% Reduction	1% Reduction
Environment-conscious “Green Procurement”	A Rise in the Procurement Ratio	
Expansion of Sales of Environment-related Financial Products		
Environment-conscious Activities in Offices		

Environmental Management Structure



> 2. Environment-Conscious Activities at Our Offices

In line with the new Environmental Policy established in July 2008, we are engaging in a variety of environment-conscious activities. It should be noted that between November 2007 and January 2008, we relocated our headquarters' functions to GranTokyo South Tower (hereinafter referred to as "South Tower") through the consolidation of offices located across several buildings.

Participation in "Team Minus 6 Percent"

To tackle 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 strived to ensure thorough implementation of the Cool Biz (dress down) program in fiscal year 2008.

Environmental Performance

Since 2003, the Sumitomo Trust Group has been engaging in the 3R (Reduce, Reuse, Recycle)* initiative, mainly in our office buildings, as part of our efforts to reduce the consumption of resources as the "input" of our business activities, and the discharge of wastes as their "output," thereby lessening the burden on the environment. Our electricity consumption in fiscal year 2007 declined 2% from the previous year, while gasoline con-

sumption grew 4.6% due to an increase in the number of company-owned vehicles.

Paper consumption increased 18.9% due to special factors related to the relocation of the headquarters' functions to South Tower. However, we reduced the volume of paper waste discharge by 0.7% and achieved a 100% recycling rate.

The volume of other wastes discharged decreased 7.7%. The recycling rate rose 12 percentage points due to a change in the method of disposing of wastes in the Fuchu building and the relocation to South Tower, which has enabled additional recycling. We will continue efforts to promote segregated waste collection and ensure thorough recycling.

* "Reduce" refers to reducing waste by using goods sparingly, "Reuse" to using goods over and over again, and "Recycle" to using wastes as resources.

Promoting the Adoption of Low-Emission Vehicles

Of the 652 vehicles used in our marketing activities, 645 have been certified under an environment-friendly, low-emission vehicle certification program. Low-emission vehicles now account for 98.93% of our vehicles (as of the end of July 2008). These vehicles are models that are certified as low-emission vehicles under the 2005 standard and meet the 2010 fuel efficiency standard under the Energy Conservation Act.

Major Activities and Targets

Input	Volume 2007	Change (% , YoY)
Energy Consumption		
Electricity Use	40,507,019 kwh	-2.0%
Gas Use	904,260 m ³	+1.1%
Gasoline Use* ¹	600,087 ℓ	+4.6%
Water Use	102,927 m ³	-2.8%
Paper Consumption* ²	786,126 kg	+18.9%
Recycled Paper	582,626 kg	+27.0%
Input	Volume 2007	Change (% , YoY)
Paper Disposal	963,907 kg	-0.7%
Mixed Paper	357,781 kg	+1.0%
Recycled Amount	963,907 kg	+2.0%
(% of Total)	100.00 %	+2.68 points
Other Waste Disposal	275,627 kg	-7.7%
Amount of Recycled material* ³	61,089 kg	+102.6%
(% of Total)* ³	22.16 %	+12.06 points

Adoption of Low-Emission Vehicles

Number of vehicles owned	652
Number of low-emission vehicles owned	645
Adoption of low-emission vehicles	98.93%

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

*2. Includes copier paper, fax paper, printer, 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, 2007 to March 31, 2008

Path 5. Reinforced Risk Management

“Confidence and Integrity” and “Placing Prime Importance on Credibility and Sound Management”
—— Putting the Essence of the Trust Business and Sumitomo’s Basic Business Principle into Practice

Efforts to establish a framework to prevent the corporate value from being eroded by the materialization of various risks also contribute to maximizing the value. Sumitomo Trust is reinforcing its internal control, risk management and corporate governance systems in order to cope with the increasingly diverse and complex nature of its business.



Plan and Achievements for Fiscal Year 2007 and Goals for Fiscal Year 2008 Regarding Path 5

Fiscal Year 2007		Fiscal Year 2008
Plans	Achievements	Goals
<ul style="list-style-type: none"> To strengthen the PDCA cycle regarding risk management and compliance 	<ul style="list-style-type: none"> Steadily implemented the risk management plan and the compliance program and thoroughly established the PDCA cycle through verification and improvement 	<ul style="list-style-type: none"> To adopt a more advanced system for managing risks related to overseas credit investments
<ul style="list-style-type: none"> To adapt to changes in institutional and regulatory changes, such as the introduction of the Basel II framework and the enactment of the Japanese version of the SOX (Sarbanes-Oxley) Act 	<ul style="list-style-type: none"> Secured adaptation to the Basel II framework by enhancing the calculation and verification processes. Improved the framework for adapting to the enforcement of the Japanese version of the SOX Act 	<ul style="list-style-type: none"> To reinforce system risk management

> This Underpins Sumitomo Trust's Defense and Leads Its Growth as the Core Element of Its Management Strategy.



Comment from the Officer in Charge of Promotion

The Act on the Protection of Personal Information was put into force in April 2005 as a basic law for the protection of personal information. Sumitomo Trust issued the "Declaration for the Protection of Personal Information" as a basic principle, in an effort to become the No.1 bank in terms of gaining the trust of customers. We have established rules and procedures regarding the key elements of the protection, namely "appropriate acquisition of personal information for the prescribed purposes," "safe management of acquired personal information," "limits on the provision of acquired personal information to third parties," "supervision of employees and outsourcing contractors" and "disclosure of acquired personal information upon customers' request," and we provide education and training to ensure compliance with those rules. Furthermore, we require our subsidiaries and affiliates to comply with the rules so as to strengthen the protection of personal information on a group-wide basis.

Should any information leak occur, Sumitomo Trust will convene an information security sub-committee comprising staff from across business departments, in order to quickly take necessary steps, such as identifying the cause, considering measures to prevent the recurrence of an information leak and notifying the leak to customers, while sharing information with the management.

HARUKI KOBAYASHI, Senior Manager, IT & Business Process Planning Department

> Major Risks and Risk Management Policy

With the advance of financial products and services, the risks that financial institutions need to manage are becoming increasingly diverse and complex. In addition, the operating environment for them is rapidly changing, as exemplified by the introduction in March 2007 of the Basel II framework, which imposes new regulation on the capital adequacy ratio, and the entry into force in September 2007 of the Financial

Instruments and Exchange Law, as well as the ripple effects of the U.S. financial crisis.

Under these circumstances, Sumitomo Trust is striving to enhance and advance our risk management, which forms the basis of the expansion of the business scope and the sustainable growth of the Sumitomo Trust Group, as a critical management priority.

Types of Risk and Management

We classify risks we face in our conduct of business by the cause of losses, and manage them in a manner suited to their respective characteristics. Regarding major categories of risk, such as credit risk, market risk and operational risk, we strive to ensure accurate measurement of the risk quantity in light of their characteristics, comprehensively grasp the various risks and manage them, by comparing them with our overall financial strength.

Our basic policy for the management of credit risk is to take care to ensure “a diversified credit portfolio” and “strict credit management for individual credits,” while with regard to the management of market risk, we strive to proactively take risks as a source of profits within allowable limits, so that we can maximize our profits. In the management of operational risk, we strive to prevent the occurrence of accidents and inappropriate incidents and, at the same time, make efforts to reinforce the Internal Risk Management Framework so as to ensure that appropriate measures are taken quickly should any accident or inappropriate incident occur.

Enterprise Risk Management and Integrated Risk Management

The Basel II framework, which examines the capital adequacy of banks based on international standards, is intended to more precisely assess risks faced by financial institutions than the previous BIS regulation, and to promote improvement of their risk management capabilities.

It is our policy to comprehensively measure the various risks we face, including risks not included in the regulatory calculation of the capital adequacy ratio, based on the assessment of individual categories of risk, and to manage these risks by comparing them with our overall financial strength (Enterprise Risk Management). Of the risks held by the Sumitomo Trust Group, the quantifiable risks (credit risk, market risk and operational risk) are measured in terms of the integrated VaR, which represents the combination of various risks measured by unified criteria (Integrated Risk Management).

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	Operations 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 loss due to inability to secure necessary funds, or due to being forced to pay interest rates significantly above normal in fund procurement, and risk of loss due to inability to transact in a market, or due to being forced to accept disadvantageous prices in transactions.

Further details of risk management are available in the 2008 Annual Report.

> Corporate Governance and Risk Management

Sumitomo Trust has positioned corporate governance as a mechanism that concerns the decision making, execution and supervision that Sumitomo Trust implements in order to achieve sustainable growth and development through more efficient and transparent management, and we make constant efforts to enhance our governance.

In addition, we are striving to reduce risks and take swift

action if any risk materializes, by integrating the internal control system, including risk management, into the corporate governance system.

Corporate Governance System

At Sumitomo Trust, which is at the core of the Sumitomo Trust Group, we have adopted an executive officer system, as well as a business group management system, in an effort to speed up management 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 supervises the status of business execution by the directors and executive officers. Concerning overall risk management, the Board of Directors draws up policies and plans and ensures company-wide awareness thereof, and also establishes the framework for management and reporting, and delegates authority.

In order to ensure prompt decision-making, we have established, under the Board of Directors, the Executive Committee, which meets every week, as well as a number of other committees* that meet on a weekly to monthly basis. The Executive Committee discusses and makes decisions on matters concerning management policy and other important items, in addition to authorizing regulations concerning risks and establishing a framework for enforcing them in accordance with policies decided by the Board of Directors. Meanwhile, the various committees established at the Board of Directors discuss and make decisions on important matters concerning business strategies and risk management.

In addition, we have formed the Risk Management related Departments as independent departments that accurately recognize and continuously assess and appropriately manage risks and maintain the integrity of the compliance system (see page 46).

* There are committees regarding ALM, credit risk, fiduciary asset management, etc. (ALM, or Asset Liability Management, refers to the method of managing market and liquidity risks through integrated management of assets and liabilities.), among others.

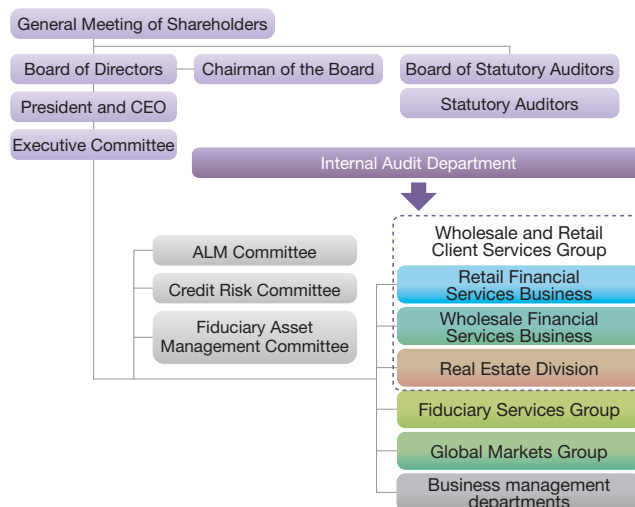
Auditing System

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 cooperation among these groups.

Of the five Statutory Auditors, three are external auditors. One of the three external auditors is a person with a business background in a non-financial industry and with experience in matters concerning business management. The other two are a legal academic knowledgeable about corporate law and the management and operations of financial industries, and an academic who has experience in the management of a financial institution. The appointment of people from various fields and with various backgrounds for external auditors enables the implementation of audits from diverse viewpoints based on expert knowledge.

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, as an organization that is under the direct control of the President and is independent of the departments involved in the execution of operations.

Internal Control System Including Business Execution and Supervision



> Compliance

Compliance is observed when all officers and employees of the Sumitomo Trust Group “strictly adhere to all laws, regulations and social codes,” “respect human rights and (do) not trespass against moral law” and “behave with honesty and fairness” as required under the Ethics Charter.

In order to enhance the compliance awareness of each officer and employee, we have developed a framework for

Promoting Compliance at the Front Line

In order to ensure the 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 a primary check through daily monitoring and guidance, while the Internal Audit Department conducts auditing as a secondary check.

Sumitomo Trust is enhancing its training courses in order to foster company-wide compliance awareness. The Legal and Compliance Department has the primary responsibility for providing training regarding company-wide compliance themes. Meanwhile, Compliance Officers assigned to branches and departments are responsible for providing training based on characteristics of their operations and products and attributes of the customers.

Overview of the Compliance Structure

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

Legal and Compliance Department centrally manages the implementation of compliance-related annual practice plans, the establishment of relevant rules and the provision of training. Also, it is improving arrangements and procedures for legal checks and is enhancing its function of supporting branches and departments. Moreover, in order to improve the compliance structure of the Sumitomo Trust Group and ensure thorough group-wide compliance, this department provides subsidiaries and affiliates with guidance on how to improve their compliance structure (including the organizational structure and rules).

The Compliance Committee, which is chaired by the director in charge of the Legal and Compliance Department, instructs this department and other relevant organizations to implement necessary deliberations and measures. This committee investigates and examines problems concerning the compliance structure and the

compliance that comprises internal regulations, a compliance manual and procedures and arrangements for checking and promoting compliance. Thus, we aim to create an organization that tackles challenges and resolves problems through a self-cleansing process.

status of compliance, and when necessary, submits reports and makes recommendations to the Board of Directors regarding how to deal with these problems.

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 the event of circumstances arising, we have a system in place to allow us to deal promptly and appropriately with any compliance-related problems. For example, we have set up a Compliance Hotline through which officers and employees can directly report to the senior management.

Compliance Structure



> Customer Protection

As financial products that have more complex mechanisms and characteristics compared with conventional products are increasing, there is a strong need for financial institutions to properly and fully explain to their customers the mechanisms, risks, etc., of these products, and to ensure that customers understand them prior to purchase. It is also increasingly important for financial institutions to respond in an appropriate

manner to customer complaints and requests and properly manage customer information.

Sumitomo Trust regards improved customer response ("Customer Protection"), as well as compliance, as a critical management priority, and is strengthening efforts regarding Customer Protection, with a view to becoming the "CS (customer satisfaction) No.1 bank."

Formulation of Rules and Organizational Reform in Response to Changes in Business Environment

In order to adapt to changes in the business environment, such as the enforcement of the Financial Instruments and Exchange Law, and conduct customer-oriented business management, Sumitomo Trust has established a policy (the Customer Protection Management Policy) on the development and establishment of a system aimed at enhancing customer protection and convenience. Based on the Customer Protection Management Policy, in fiscal year 2007, Sumitomo Trust made organizational reforms, including the establishment of the Customer Satisfaction Promotion Department, and formulated a manual for the provision of explanations to customers, which requires full compliance with the "suitability rule" and specifies the appropriate procedures for the provision of information.

Promotion of Appropriate Response to Customers and Protection of Customer Information

In addition, we strive to ensure appropriate customer solicitation and sales of financial products with due consideration of the standpoint of customers, by improving internal rules and enhancing training. "Promise to Customers," our policy for appropriate customer solicitation and sales of financial products, is published

and accessible at the branches and on our website.

In keeping with our "Declaration for the Protection of Personal Information" we are improving our internal system for ensuring appropriate protection and use of personal information. Also, we are promoting appropriate customer protection at subsidiaries, affiliates and outsourcing contractors, by providing guidance to them with regard to the handling of personal information.

Efforts to Use Feedback from Customers to Improve Services

Sumitomo Trust responds to feedback from customers, such as inquiries, complaints and requests, in a conscientious manner and uses the feedback to improve our services, with the Customer Satisfaction Promotion Department playing the central role in this respect. The Compliance Committee checks the status of response to feedback from customers, and its use for the improvement of services, and submits to the Board of Directors and other relevant parties recommendations and reports regarding policies for response to feedback. By putting in place thorough customer protection and improving convenience through such measures, Sumitomo Trust is meeting the expectations of society and fulfilling its duties to society as a financial institution. We will continue efforts to gain the confidence of a wider base of customers.

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 suitable products and services.
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 the details and advantages, as well as the 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 gain accurate knowledge and learn easy-to-understand explanation methods, so that we can provide products and services that suit the needs of our customers.

Third-Party Comments on Sumitomo Trust's 2008 Corporate Social Responsibility Report

Sept. 24, 2008

Yoshihiro Fujii

Professor
Graduate School of Global Environmental Studies
Sophia University

What kind of CSR (Corporate Social Responsibility) should financial institutions fulfill? As they are profit-pursuing institutions, should they fulfill the same kind of CSR as ordinary companies? Or should financial institutions have a different perspective on CSR compared with ordinary companies?

For some years, I have been advocating "financial CSR" based on the recognition that financial institutions should have a different perspective on CSR. CSR has a higher level of importance for financial institutions than for ordinary companies. Financial institutions' primary business task is not merely meeting the fund needs of individual client companies and persons. They are responsible for maintaining and securing efficient flows of funds throughout the entire economy through the financial networks and markets. If financial institutions conduct their business from the perspective of CSR, financial business will promote CSR-oriented behavior throughout the entire economy.

In short, financial institutions intrinsically have the function of promoting the practice of CSR by other companies and the socio-economy as a whole, as well as themselves. However, there is only a handful of Japanese financial institutions that have engaged in CSR based on their awareness of this function and made actual achievements; Sumitomo Trust is among this handful.

Sumitomo Trust's CSR report describes a number of achievements attained on the basis of its expertise in the trust business. In Social Responsible Investment (SRI), Sumitomo Trust has become the first trust bank to undertake the entrusted management of an SRI fund for a public pension fund. Meanwhile, regarding the fight against global warming, it not only introduced a scheme for small-lot sales of emission rights, but also developed products that give due consideration to the actual state of transactions, such as a trust for settlement funds for emission rights. Furthermore, Sumitomo Trust has developed a series of new products and services that take into consideration ESG (Environmental, Social and Governance) factors of client companies, such as CSR-conscious receivables collective trusts, a revival fund for contaminated properties, and a scheme for promoting energy conservation in tenant buildings.

The effectiveness of Sumitomo Trust's "financial CSR" is shown not only by the large number of CSR-related services and products that it has developed. In recent years, Sumitomo Trust has identified ways of enhancing the corporate value and classified them into the "Five Paths." The important thing is that in the first of the Five Paths, "Business Innovation," we have positioned solving ESG-related problems through our own financial and trust functions as the central policy of our CSR activities.

The establishment of a central policy like this enables Sumitomo Trust to develop CSR-related products and services one after another. It also contributes to the "Enhancement of Corporate Brand," the second path. A haphazard attempt to take advantage of the growing interest in CSR or keep abreast of competitors in the field of CSR would not produce constant results.

Of course, some of Sumitomo Trust's CSR-related financial products and services may have so far failed to generate sufficient profits. If financial CSR is to become a sustainable initiative, it must contribute to profits in various ways. In order

to make CSR-oriented financial solutions a profitable business, it is essential that Sumitomo Trust further strengthens the link between these two paths and other paths, including "Human Resources Management" and "Reinforced Risk Management." In this sense, the Five Paths are not separate routes to the

enhancement of the corporate value. They interact with and complement each other to produce synergy effects.

Another notable feature of the 2008 CSR Report is its inclusion of a declaration of Sumitomo Trust's resolve to tackle head-on worldwide issues, such as global warming and biodiversity, and basic policies on these two issues. Compared with global warming, which is related to financial businesses in a visible way through emission rights trading, biodiversity may appear to have little relevance for financial institutions. However, as explained above, financial institutions' initiatives regarding these issues would promote and support efforts by client companies, customers and the socio-economy as a whole. I have high expectations for biodiversity-related CSR financial products to be developed by Sumitomo Trust based on its basic policy on biodiversity.

Why has Sumitomo Trust started to engage in CSR activities in a systematic way? Of course, a decision by the top management must have been a major factor, and rank-and-file employees must have had a strong resolve to commit themselves to CSR. As for employees' commitment to CSR, examples of their activities are provided in "With You (report on social contribution activities for fiscal year 2008)," which is a supplement to the CSR report. For me, as a person who has watched the behavior of financial institutions, including during the financial crisis of the late 1990s, Sumitomo Trust's commitment to CSR activities is also understandable from another viewpoint.

During the turbulent years of the financial crisis and the ensuing rehabilitation, Sumitomo Trust stood firm, without being influenced by the behavior of others. I suppose that its corporate culture, as shown by this steadfastness, has enabled Sumitomo Trust to recognize that thoroughly exploring its own fundamental value is the most effective way of enhancing its corporate value and taking swift action compared with other banks.

In this sense, for financial institutions, financial CSR is nothing less than a management strategy. As financial institutions encourage client companies, customers and the socio-economy as a whole to shift toward CSR, they are also subjected to the scrutiny of these stakeholders for their CSR performance and to the rigor of selection.

Financial institutions cannot afford to drag their feet over CSR. I am looking forward to a strengthening of Sumitomo Trust's commitment to CSR.



> Sumitomo Trust's CSR

“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 by nature. For a financial institution, operating its main business in a sound manner is a very important social responsibility. Sumitomo Trust believes that our responsibilities go far beyond this and will seek to enhance its corporate value by identifying problems impeding the sustainable development of society, and creating business opportunities that will contribute to resolving those problems. In this sense, the above maxim offered by Teigo Iba, Second Director General of the Sumitomo Family Enterprise, serves as the basis of our commitment to CSR.

Sumitomo Trust’s Basic Policy Regarding CSR Activities

Sumitomo Trust’s basic policy regarding CSR is to contribute to the sustainable growth of society while enhancing our own corporate value.

porate value. CSR, therefore, is an integral part of our management strategy and represents our efforts to differentiate ourselves from our competitors.

Furthermore, CSR is a core element of the corporate culture that suits this new era, as it enhances employees’ awareness of their social responsibility and fosters an enterprising spirit that would encourage them to recognize business opportunities in resolving social problems.

In order to clarify the Sumitomo Trust Group’s basic stance and employees’ attitudes on CSR, we drew up the “Social Activity Charter” in December 2003. Along with the “Ethics Charter of Sumitomo Trust,” the “Social Activity Charter” serves as a code of conduct for all officers and employees of Sumitomo Trust.

Structure for Promoting CSR Activities

At Sumitomo Trust, the CSR Committee, consisting of the Executive Chairman, Executive Vice Chairman, President and managing executive officers, is responsible for overseeing CSR activities. Meeting twice a year in principle, the Committee deliberates basic CSR-related policies and decides on action targets on a semiannual basis.

■ 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 the protection of ecosystems and the 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.

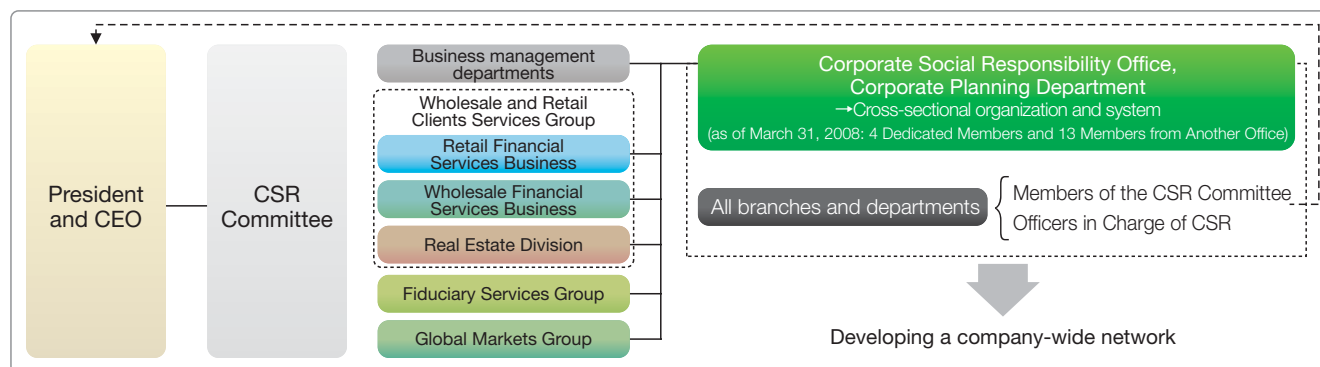
Ethics Charter of Sumitomo Trust

- 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 integrity, 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, regulations and social codes. 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 personalities 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.

Meanwhile, the Corporate Social Responsibility Office under the Corporate Planning Department oversees practical affairs related to CSR activities. The members of the CSR Committee and the

officers in charge of CSR at our head office and at all branches and departments promote CSR activities.

■ CSR Promotion Structure



> History of Our CSR Activities

■ Course of Our CSR Activities

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 (Socially Responsible Investment) funds for corporate pensions
	October	Participation in the United Nations Environment Program 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 the 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 <small>* This product received the Governor's Award at the 2006 Tokyo Metropolitan Environmental Awards in June 2006.</small>
2006	January	SRI fund "Good Company" receives the Fund of the Year award for excellence from Morningstar <small>* This fund was recognized as the "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.</small>
	May	Accession to the Principles for Responsible Investment
2007	April	Labeling of the environmental finance business as "Eco-Trustution"
	June	Establishment of the Customer Satisfaction Promotion Department
	August	Start of the establishment of the environmental management system with a view to acquiring the ISO14001 certification
	December	Participation in the "Eco-Products" exhibition, the biggest environmental event in Japan, in partnership with the Ecosystem Conservation Society — Japan and the Association of National Trusts in Japan
2008	May	Signing of a leadership declaration under the Business and Biodiversity Initiative at the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity (COP9)
	July	Establishment of the Basic Policy on Global Warming and the Basic Policy on Biodiversity-Related Issues
		Completion of the establishment of the environmental management system and start of operation of the system Establishment of the Environmental Policy (Revision of the "3 Environmental Principles")

> Accession to International Guidelines for Corporate Conduct, etc., and Related Activities

Sumitomo Trust has acceded to various international guidelines and principles regarding corporate conduct, and actively involved itself in the formulation of international standards in cooperation with international organizations and foreign companies, while demonstrating its own viewpoints and stance both in Japan and abroad.

Accession to the United Nations Environment Program Finance Initiative (UNEP FI)

The UNEP FI is an international network of banks, insurance companies, securities companies and other organizations that has been established to encourage financial institutions to take actions that give consideration to the preservation of the environment and sustainable development. In October 2003, Sumitomo Trust acceded to the initiative, becoming the first Japanese trust bank to do so.

Participation in the UNEP FI Property Working Group (UNEP FI PWG)

The UNEP FI PWG, comprised mainly of members of UNEP FI, is an organization aimed at promoting property finance that facilitates sustainable development, namely “Responsible Property Investment” (RPI). Since it joined this working group in June 2007, Sumitomo Trust has actively involved itself in the establishment of a mechanism for RPI through activities such as explaining the theory of the environmental added value of real estate (see page 15) and providing examples of relevant efforts made in Japan.

Signing of United Nations Global Compact (UN Global Compact)

The UN Global Compact, proposed by former UN Secretary-General Kofi Annan, is a code of conduct regarding human rights, labour, the environment and anti-corruption. In July 2005, Sumitomo Trust signed this compact, becoming the first Japanese bank to do so, and declared its resolve to act as a good corporate citizen by complying with and promoting the code of conduct.

Accession to the Principles for Responsible Investment

In May 2006, Sumitomo Trust became a signatory of the Principles for Responsible Investment, which was jointly established by the UNEP FI and the UN Global Compact. These principles require institutional investors and financial institutions to give consideration to ESG (Environmental, Social, and Governance) factors when making investment decisions.

■ 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 environmentally friendly technologies.

(Anti-Corruption)

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

Sumitomo Trust actively supports the principles as an SRI market leader in Japan.

Accession to the Carbon Disclosure Project (CDP)

Under the CDP, institutional investors and financial institutions around the world cooperate in urging companies to disclose information regarding their greenhouse gas emissions. Sumitomo Trust joined the CDP in January 2007.

Signing of a Leadership Declaration under the Business and Biodiversity Initiative

At the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity held in May in Bonn, Germany, Sumitomo Trust, together with 33 other companies around the world, signed a leadership declaration under the Business and Biodiversity Initiative, which was led by the German government. From now on, as a leading company in this field, we will make active efforts regarding biodiversity.

> Measures to Promote CSR Activities (Activities of the Corporate Social Responsibility Office)

The Corporate Social Responsibility Office (hereinafter referred to as the “CSR Office”) of the Corporate Planning Department, together with the CSR Committee, which is chaired by the President, was established in June 2003, when we started CSR activities as part of our management strategy.

The CSR Office oversees company-wide CSR activities, through a semiannual rotation of the PDCA cycle* in accordance with the CSR management policy formulated under the company-wide management plan. CSR Committee members and officers in charge of CSR in our head office and at individual branches and departments promote CSR activities in the workplace, while the CSR Office provides up-to-date CSR-related information to all officers and employees through the Intranet, video bulletins, in-house magazines and other means.

In addition, the CSR Office plays the central role in the development of advanced CSR-related businesses as represented by the “Eco-Trustution.” In order to develop a financial solutions business in fields requiring advanced expert knowledge and skills, such

as the environment, it is essential to establish a flexible flow of business processes that would enable product development, through the utilization of external networks to identify the seeds of new businesses, as well as through collaboration among relevant internal departments. In fiscal year 2007, we launched new initiatives, including the promotion of a solar finance project, efforts to tackle biodiversity-related issues and co-sponsorship of Green TV Japan, under the leadership of the CSR Office.

Promoting social contribution activities by individual branches and departments (“With You” activities) is another important task of the CSR Office. In fiscal year 2006, branches and departments started to draw up long-term goals and annual action plans, and the CSR Office has actively supported the implementation of the plans through communications with them. In addition, the CSR Office sets “CSR budget” quotas on a semiannual basis with a view to invigorating “With You” activities. The CSR budget quotas have been actively utilized by branches and departments. In fiscal year 2007, the quotas were used for 50 items.

* See page 22.

Comment

from the Officer in Charge of Promotion

Three years have passed since we started to disclose information regarding our CSR activities through the CSR report based on the classification of the “Five Paths” toward the enhancement of the corporate value.

This disclosure enables our shareholders to scrutinize our commitment to CSR, just as we examine companies’ CSR performance in selecting investment targets for SRI funds. In this sense, our approach to CSR is strongly oriented toward shareholders (SRI investors in particular).

Needless to say, however, the essence of CSR is to give consideration to our diverse range of stakeholders in a balanced way, rather than focusing only on shareholders. With this in mind, we started in fiscal 2007 to include the “Dialogue with Stakeholders” section in the CSR report, in an effort to receive a variety of opinions. This has led to our engagement in a solar finance project and efforts to tackle biodiversity-related issues.

Meanwhile, in the Dialogue with Stakeholders for the current fiscal year, we were reminded of the fact that local communities are the starting points for environmental efforts. We would like to use the reminder as a reference for our future activities.

The range of social problems we face is very diverse. We intend to develop an acute sense that enables us to identify problems precisely and to enhance our ability to achieve both the development of our company and society as a whole.



TSUKASA KANAI
Head Office Executive,
Corporate Social Responsibility Office
of the Corporate Planning Department

> Corporate Data (as of March 31, 2008)

Name:	The Sumitomo Trust and Banking Company, Limited	BIS Capital Adequacy Ratio: 11.84% (consolidated)
Head Office:	5-33, Kitahama 4-chome, Chuo-ku, Osaka-shi, Osaka 540-8639, Japan	Number of Employees: 5,869
Date of Establishment:	July 1925	Number of Offices: Domestic: 62 (branch offices: 51, satellite offices: 11) Overseas: Branch Offices: 4, Representative Offices: 4
Total Employable Funds:	¥47,208.6 billion	Affiliated Companies: Consolidated Subsidiaries: 36 (domestic: 23, overseas: 13)
Total Assets:	¥21,513.2 billion	Affiliates: 7 (domestic only)
Loans:	¥11,480.3 billion	Listed: First Sections, Tokyo Stock Exchange & Osaka Securities Exchange
Entrusted Assets:	¥90,534.0 billion	
Paid-in Capital:	¥287.5 billion	
Issued Stock (Thousands):	1,675,128 Common Shares	

> Major Subsidiaries and Affiliates (as of June 30, 2008)

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 & Financial Group Co., Ltd.	2-18, Nakanoshima 3-chome, Kitaku, Osaka-shi, Osaka	Business Management for Leasing-related Subsidiaries
STB Leasing Co., Ltd.	6-1, Marunouchi 1-chome, Chiyoda-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	1-10, Nikkocho, Fuchu-shi, Tokyo	Clerical Work & Temporary Staffing
STB Real Estate Investment Management Co., Ltd.	9-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	Investment Advisory
STB Business Partners Co., Ltd.	9-2, 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.	3-1, Yaesu 2-chome, Chuo-ku, Tokyo	Mutual Funds Management and Consulting
STB Research Institute Co., Ltd.	2-5, Kyobashi 1-chome, Chuo-ku, Tokyo	Surveys, Research, Consulting, and Investment Advisory
Sumishin Realty Company, Limited	3-1, Yaesu 2-chome, Chuo-ku, Tokyo	Real Estate Brokerage
SBI Sumishin Net Bank, Ltd.	6-1, Roppongi 1-chome, Minato-ku, Tokyo	Banking
Japan Pension Operation Service, Ltd.	24-1, Nihonbashi-Hakozakicho, Chuo-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.	13-8, Ginza 7-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

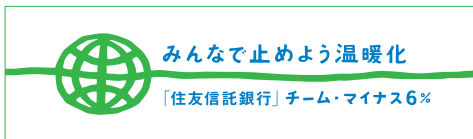
Overseas

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
GRANTOKYO SOUTHTOWER, 9-2, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-6611, Japan
Telephone: +81(3)6256-6251 Facsimile: +81(3)3286-8741
URL: <http://www.sumitomotrust.co.jp/csr/index.html>

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