

2010

CORPORATE
SOCIAL
RESPONSIBILITY
REPORT



The 5 Paths

It is beginning to be widely recognized that active involvement in CSR activities helps to enhance corporate value. The Sumitomo Trust and Banking Company, Limited* positions (1) Business Innovation, (2) Earning Your Trust, (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.” Sumitomo Trust also uses these five paths as the criteria for evaluating corporations as targets for SRI (Socially Responsible Investment).

The concept of these five paths also matches the “ESG Factors and the Value Creation Framework” advocated by CSR Europe, Europe’s CSR-related company network. According to this, the corporate value enhancement mechanism is thought to be (1) Business Innovation, (2) Earning Your Trust, (3) Better Human Resources Management, as efforts which mainly create earnings-related results, such as growth opportunities, market competitiveness, and brand value, and (4) Cost management and Cost Reduction, and (5) Reinforced Risk Management, as efforts aimed primarily at realizing cost-related results, such as reductions in labor costs, capital costs and business risks, as well as improved operational efficiency.

* Hereinafter Sumitomo Trust, STB or Sumishin.

path1: Business Innovation

Sumitomo Trust is working to create new financial businesses that will contribute to the resolution of various social concerns, including global warming and biodiversity-related issues.

path2: Earning Your Trust

Sumitomo Trust will enhance its corporate brand and corporate value by continuing to earn the trust of its stakeholders, including clients and local communities.

path3: Better Human Resources Management

Sumitomo Trust will enhance its competitiveness by creating a pleasant working environment and developing the capabilities of its employees to the fullest.

path4: Cost Management and Cost Reduction

Sumitomo Trust places emphasis on reducing the environmental impact of its operations, managing costs involved in these efforts and achieving cost reduction as a result.

path5: Reinforced Risk Management

Sumitomo Trust considers that thorough risk management and ensuring the soundness of its core businesses is a financial institution’s most important social responsibility.

● Stakeholder Engagement

In order to achieve sustainable growth, the STB Group believes that it is essential to actively engage with stakeholders and use items pointed out and opinions obtained through dialogue with them in management decision making. The STB Group regards this chain of activities as “stakeholder engagement,” and periodically creates opportunities for meetings to voluntarily build mutually cooperative relations.

STB Group has various stakeholders: clients, employees, suppliers, government authorities, shareholders, investors, citizens, and local communities. Our activities and the decisions we make affect the others, and their activities and decisions affect us.

In this report, the first page of each path describes items pointed out by stakeholders with whom we have close relationships. This can help readers understand actual examples of the stakeholder engagement of the STB Group.



CONTENTS

Management Commitment	2
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Business Innovation	
Outline of This Path	4
Sumitomo Trust's "Eco-Trustution"	6
SRI (Socially Responsible Investment) Activities	14
Activities Related to the Environment and CSR in China	17
Financial Instruments and Services that Contribute to Solving Social Issues	18
Dialogue with Stakeholders: Proliferation of ESG in Japan	20

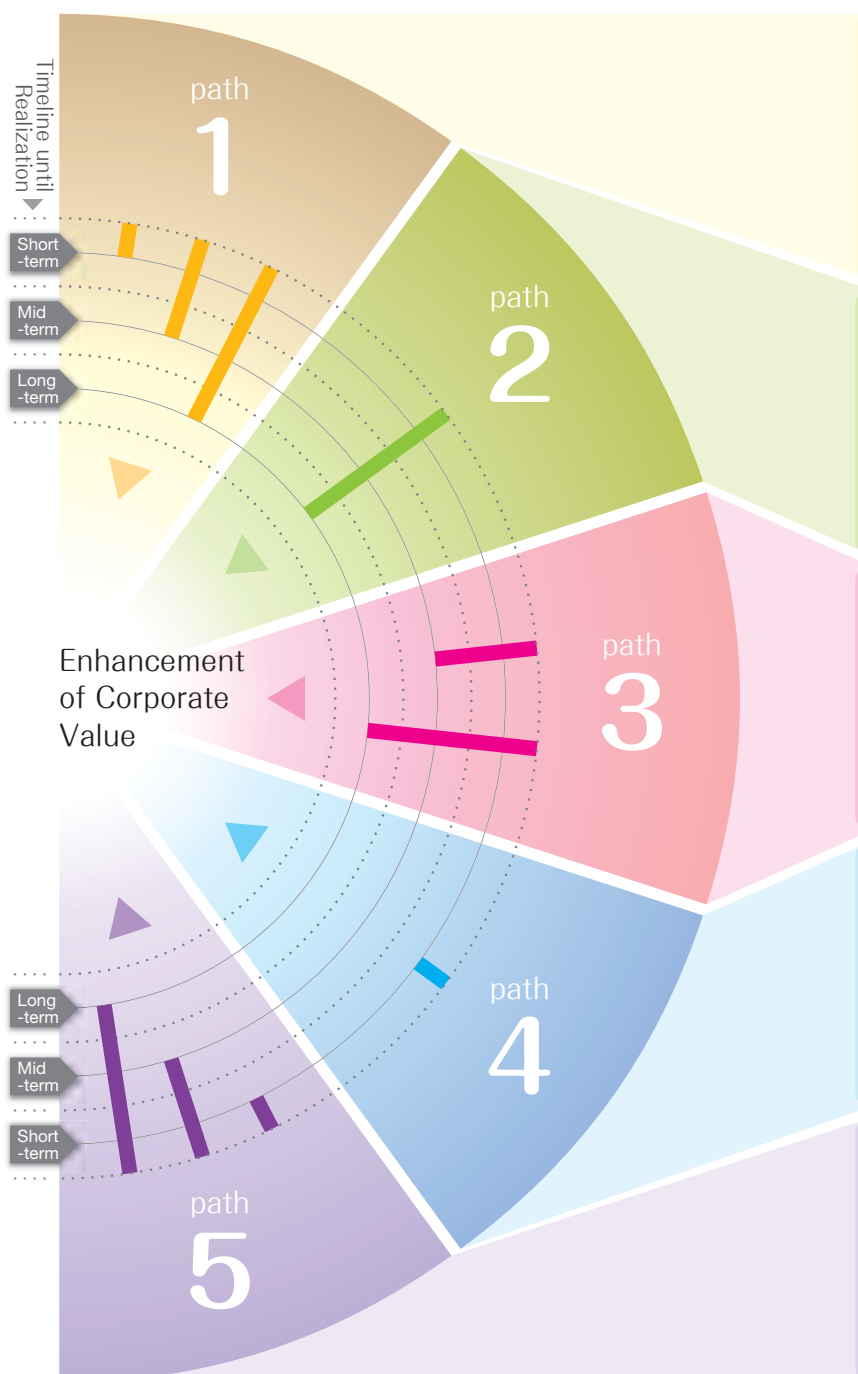
Earning Your Trust	
Outline of This Path	26
Activities to Earn Our Customers' Trust	28
"With You" Activities—Social Contribution Activities—	33

Better Human Resources Management	
Outline of This Path	38
Employees and Sumitomo Trust	40

Cost Management and Cost Reduction	
Outline of This Path	46
Cost Management and Cost Reductions through Environmental Consciousness	48

Reinforced Risk Management	
Outline of This Path	52
Major Risks and Risk Management Policy	54
Compliance	56
Corporate Governance	58
Protecting Personal Information	59

Third-Party Comments	60
Sumitomo Trust's CSR	61
Comment from the Officer in Charge of CSR Promotion	65
Corporate Data, Major Subsidiaries and Affiliates	66
Editorial Policy for the CSR Report	67



Management Commitment



The key to creating a sustainable company lies in listening to the “voice of society” and reflecting it in our business activities.

In the midst of the unprecedented financial crisis that hit the world recently, there were predictions that many corporations would scale back their corporate social responsibility (CSR) initiatives. However, that turned out not to be true. On the contrary, numerous leading companies in Europe and North America have reinforced their CSR activities and started to incorporate CSR into their core businesses. Indeed, the financial crisis seems to have provided the catalyst enabling CSR to attain new levels that previously were beyond reach. This demonstrates that the concept of sustainability, which plays a key role in CSR, is now highlighted as a central theme in the new management order in the aftermath of the financial crisis. It also underscores the increasing number of companies adopting sustainability in their growth strategies.

It goes without saying that a company must listen to the “voice of its customers.” However, the world is beset with various challenges, such as issues related to the environment, poverty, human rights, education, food, and population. A company that disregards these challenges runs the risk of eroding its customer base. If we treat the “voice of society” as a call to solve these various social challenges, then the “voice of society” will evolve into the “voice of customers.” Companies have started to recognize that taking the pursuit of sustainability seriously is linked to the development of long-term business strategies.

Sumitomo Trust has consistently placed CSR at the center of its business strategies since it started CSR in 2003. Furthermore, Business Innovation, as the first of “the Five Paths for Enhancing Corporate Value,” which is also the editorial policy of the CSR report, responds to the “voice of society,” and illustrates our efforts to develop sustainability-oriented businesses that help solve social issues. We, at Sumitomo Trust, intend to grow sustainability-oriented businesses into our future earnings foundation.

Reflecting in business activities the “voice of society,” which has yet to be manifested, however, requires the creation of new markets. In particular, environmental problems and other growing issues that transcend national boundaries necessitate initiatives based on global perspectives. Naturally, this process will take some time. In the sustainability business, we must not be bound by domestic-oriented thinking. Rather, we must demonstrate leadership and embrace a long-term strategy of creating new markets.

With these thoughts in mind, we created two new Socially Responsible Investment (SRI) funds—China Stock SRI Fund and

Biodiversity SRI Fund—as part of our CSR initiatives in the year ended March 2010. These funds are at the leading edge of a field that will gain more and more international attention in the future, a source of pride for Sumitomo Trust. Moreover, these funds are earning high acclaim, not only in Japan but also overseas. In April 2010, meanwhile, we established a dedicated department in charge of environmentally-friendly property, which handles various ongoing tasks. These include holding a study group on sustainable property that brings together diverse stakeholders, as well as disseminating information to overseas investors via the United Nations Environment Programme Finance Initiative (UNEP FI). Our policy here is to contribute to the formation of an environmentally-friendly property market while at the same time establishing a new business field for Sumitomo Trust.

Seeking to further refine its sustainability business strategies, Sumitomo Trust has recently become a member of Business for Social Responsibility (BSR). We wish to work together with BSR not only at the business level but also with respect to nurturing global CSR personnel. Our most crucial task is to listen to the “voice of society” and foster highly sensitive human resources who can incorporate social issues into business development.

Sumitomo Trust has reached a final agreement on the management integration with Chuo Mitsui Trust Holdings, Inc. in April 2011. The new group has established a code of conduct (values) to be observed by all executives and employees. One rule of the code calls for “Contribution to Society—Dedication and Development,” which means, “We will remain dedicated to all our efforts, with a ‘Frontier Spirit,’ and will continue to contribute to society.” After the management integration as well, the new group’s commitment to addressing the “voice of society” through CSR initiatives will remain unchanged.

This is our final CSR Report as the Sumitomo Trust & Banking Group. Nevertheless, next year and beyond, we will continue deploying the social and public welfare attributes unique to trust banks, which both groups have cultivated. In the process, we will advance our CSR activities in a more bold and global manner, and we will strive to convey our progress to all stakeholders.

September 2010

Atsushi Takahashi

Chairman of the Board

Hitoshi Tsunekage

President and CEO

1

At a time when the role of financial institutions in society is being called into question, Sumitomo Trust is working to create new financial businesses which can solve social problems. We are especially working to create new financial products one after another under the name “Eco-Trustution”: financial businesses using our strengths in trust functions, providing solutions to environmental (eco) problems such as global warming and biodiversity-related issues.

2009

2010

Plans

- To incorporate the concept of Eco-Trustution into business strategies and put it into full-fledged practice in a variety of fields.
- To expand CSR and environmental business in China.
- To step up activities for the tenth Conference of the Parties to the Convention on Biological Diversity (COP10) to be held in Nagoya, including support for various initiatives related to biodiversity in Japan and abroad.

Achievements

- Improved consistency with the business plans of each business, and promoted harmonization with management strategies.
- Established the Sustainable Property Promotion Section, and began full-fledged development of our environmentally-friendly property business.
- Developed and launched a China Stocks SRI fund.
- Established and undertook capital participation in an energy-saving company in China.
- Created the Sumitomo Trust's Biodiversity Program.
- Deployed “Activities Supporting Living Things” in our branches throughout Japan.
- Launched the world's first biodiversity SRI fund, and made great progress in the business aspects of our initiatives.

Plans

- To develop Eco-Trustution as a profitable business.
- To expand our environmentally-friendly property business product line.
- To develop new products to serve individuals' desires to contribute to society.
- To strengthen use of comprehensive ESG in the asset management business.
- To strengthen marketing of SRI funds.
- To steadily promote the Sumitomo trust's Biodiversity Program.



Mr. Edgar Endrukaitis

Economist, since 1999 with the GTZ,
Coordinator of the Business and Biodiversity
Initiative "Biodiversity in Good Company".

Comment from Stakeholder

"Sumitomo Trust is a pioneer in biodiversity-related issues."

The Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) was commissioned to carry out implementation of the international Business and Biodiversity Initiative "Biodiversity in Good Company," launched by the German government at the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity (CBD). Under this Initiative, member companies are expected to integrate biodiversity considerations into their business objectives.

Sumitomo Trust is approaching this by evaluating the financial value of biodiversity and has developed innovative products like the "Preferential Rate Loan for Environmentally-Friendly Companies," the "Mutual Fund Investing in Stocks of Biodiversity-Friendly Companies," and the "Biodiversity-Friendly Development and Construction Consulting." These products are important steps towards improving the financial system, and I am sure this approach will be positively acknowledged by more and more customers. With pioneers like Sumitomo Trust, the financial sector can visibly contribute to the conservation of biodiversity.

I would like to commend Sumitomo Trust for its support of the 'Biodiversity in Good Company' Initiative in Japan. Through its efforts in the field of biodiversity, it has promoted and brought the importance of biodiversity to a wide audience through workshops and other public events.

! Main Policies

Basic Policy on Global Warming (preamble omitted) (established on July 30, 2008)

- 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 that Take Advantage of our 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 executives 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 (preamble omitted) (established on July 30, 2008)

- 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 that Take Advantage of our 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 executives and employees in ways that give them accurate knowledge about biodiversity and that 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's "Eco-Trustution"

We have coined the word "Eco-Trustution" to describe our environmental finance business, as we aim to further develop this business by providing solutions to ecological issues through the use of our trust function. We will continue to develop and provide solution-based financial instruments and services.



1 Activities that Provide Solutions to Global Warming

Global warming is the greatest environmental problem faced by humankind. In these circumstances, Sumitomo Trust established the Basic Policy on Global Warming in 2008, and our environmental finance business is working to develop products which promote efforts to prevent global warming.

(1) Support for Introduction of Solar Power Generation Systems

To solve global warming, moves to convert to renewable energies from fossil fuels such as crude oil are quickly progressing in countries throughout the world. Among renewable energies, Japan has the highest level technologies for solar power generation. Sumitomo Trust views solar power as a promising global warming countermeasure, and has, from early on, engaged in a variety of activities in the field of finance to contribute to the expansion of the solar power market.

(a) Preferential Interest Rate Loans for Houses Equipped with Solar Power Generation Systems

In 2004, in partnership with Sekisui Chemical Co., Ltd. and others, we became the first major Japanese bank to offer preferential interest rate loans for houses equipped with solar power generation systems. As a growing number of customers are very interested in environment-friendly housing, this business grew quickly in fiscal year 2009.

(b) Loans Exclusively for the Installation of Solar Panels

From the viewpoint that the spread of residential solar power generation systems requires their adoption in both new housing and existing housing, Sumitomo Trust has developed a loan product exclusively for the installation of solar panels, with our group company Sumishin Panasonic Financial Services Co., Ltd. We then began offering these loans in cooperation with agents and builders. Loans have grown quickly since the system for purchase of excess power from residential solar power generation systems* began in November 2009. In fiscal year 2009, we extended loans worth 2.1 billion yen exclusively for the installation of solar panels. Fiscal year 2010 has also seen solid growth, with loans for solar panel installation totaling 1.2 billion yen in the four months through July.

* System which enables sale for 10 years to the electric power company of surplus power created at home using solar panels.

(2) Activities Related to Emission Rights

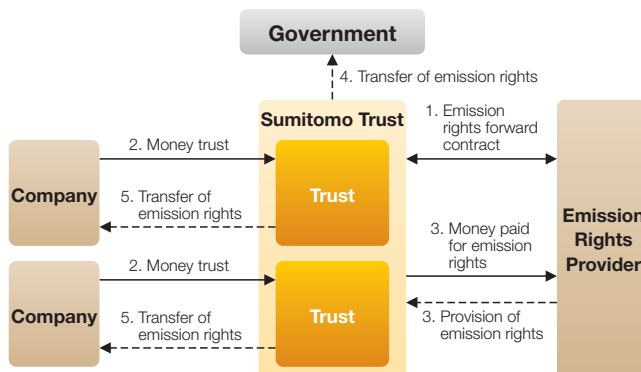
Sumitomo Trust is developing financial instruments related to emission rights, which we regard as a supplementary element for the fight against global warming.

(a) Carbon Offset Product Composition Support

Sumitomo Trust realized small-lot sales (the minimum trading unit was reduced to 1,000 tons) of overseas emission rights based on the Kyoto Protocol (Kyoto credits), which are usually traded in large lots, by converting the rights into trust beneficiary rights, and started sales of emission rights trust products in June 2008. We are steadily increasing customers who bought emission rights, including the local client companies of regional banks that had concluded trust agency agreements with us, as well as major financial institutions. Recently, through an arrangement made by IYO BANK, Ltd., and DAISHI BANK, Ltd., emission rights issued by a wind power project in China's Xinjiang Uyghur Autonomous Region were sold by us to companies who are studying development of carbon offset products with our emission rights, and we are supporting their composition of that product. The following are the projects offering emission rights and the financial institutions acting as agents since we began selling these rights in 2008.

Project Name	Trust Agency
(1) China Fujian Province Hydropower Project	HOKKOKU Bank, Hokkaido Bank, NISHI-NIPPON CITY BANK
(2) Korea Gangwon Wind Park Project	Hiroshima Bank, Ashikaga Bank, IYO BANK
(3) China Xinjiang Uyghur Autonomous Region Wind Park Project	IYO BANK, DAISHI BANK

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.

(b) Carbon Offset Lease

Our group company Sumishin Panasonic Financial Services Co., Ltd. has begun offering carbon offset products which provide emission rights to leased equipment. The first of these was provided to three hybrid buses of OdakyuBus Co. Ltd. in February 2010.

A hybrid bus uses its electric motor when it starts and accelerates, but its power is supplemented by a diesel engine, with high efficiency to help cut its CO₂ emissions. There is a monitor installed behind the driver's seat which shows the power status, so riders can easily see the electric motor's operation status.

The hybrid buses it introduced generate about half the CO₂ emissions of previous buses, but they can use carbon offsets to effectively reduce the remaining CO₂ emissions to zero.

Specifically, introducing hybrid buses cuts CO₂ in half, but they still emit 85 tons per year. This is offset by purchasing equivalent emission rights for CO₂ reductions achieved through the building of a hydropower station in China's Hubei Province.



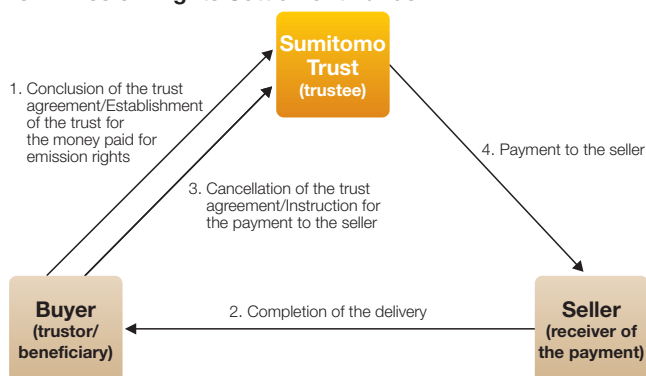
Left: Hybrid bus which has carbon offset feature; Right: Monitor inside the bus

(c) Mechanism for Sumitomo Trust's Emission Rights Trust Scheme

In emission rights trading, it takes time from when there is a request for transfer of emission rights from seller to buyer, until the rights are actually obtained. Therefore, there is settlement risk due to the time that passes between the payment and the actual transfer of emission rights.

In response, Sumitomo Trust has prepared a product which ensures the safety of the transaction by using its trust function: (1) Purchase payment from the buyer is deposited in a trust account, then (2) It is confirmed that the emission rights were

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



transferred from seller to buyer, (3) We receive instruction from the buyer, (4) We send the purchase payment to the seller.

(3) Promotion of Energy Conservation in Office Buildings

Sumitomo Trust is pushing forward with development of financial products and services to promote efforts in business fields with lagging global warming countermeasures. The STB Group provides financial products and services which support global warming countermeasures from both tangible and intangible aspects: consulting for design and construction of buildings offering a high performance with regard to energy conservation, consulting on the introduction of energy conservation systems in existing buildings, proposals of models for joint execution of energy conservation activities by building owners and tenants, financing using ESCO projects* and leases etc., and the provision of emission rights. For our specific experience and service details, see page 9: "Environmentally-Friendly Property Initiatives."

* ESCO stands for Energy Service Company. An ESCO provides a comprehensive set of services related to energy conservation, including the submission of energy conservation proposals and the provision, maintenance, and management of energy-efficient facilities.



Examples of energy-efficient equipment used in the ESCO project for Whity Umeda
Left: Highly efficient freezer; Right: Inverter

(4) Project Finance for Renewable Energy Projects

An effective global warming countermeasure is use of renewable energy which does not produce CO₂ when supplying electricity or heat. From early on, Sumitomo Trust has committed itself to project finance for renewable energy projects, including wind power generation and bio-ethanol production.

In fiscal year 2009, we worked on business development in the new energies sector, such as by providing financing for a hydropower project. We also provided new financing for wind power projects. As of the end of March 2010, Sumitomo Trust had provided environment-related project finance to 15 projects, with a total balance of 20.6 billion yen.



Noheji Wind Farm

2 Financial Instruments and Services that Reflect an Evaluation of Environmental Friendliness

In order to serve as a financial institution which contributes to achieving a sustainable society, Sumitomo Trust is developing and providing various financial instruments and services that reflect an evaluation of environmental friendliness. By creating monetary incentives for companies and individuals endeavoring to be environmentally-friendly, we encourage environmentally-friendly company activities and individual conduct.

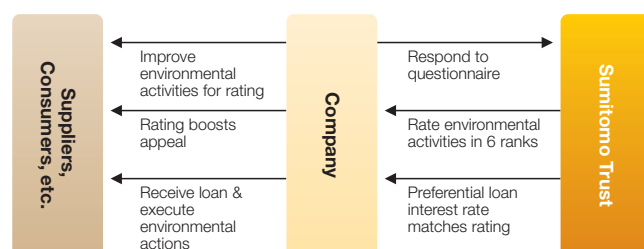
(1) Environmental Rating Loans

In February 2010, we began providing “Environmental Rating Loans,” which offer preferential interest rates for companies promoting initiatives such as global warming countermeasures and biodiversity friendliness. This product applies a rating based on Sumitomo Trust’s own comprehensive evaluation, providing loans at preferential interest rates at a maximum of 0.6% below the standard interest rates.

In addition to general evaluation items such as environmental management and global warming countermeasures, Sumitomo Trust’s ratings feature an emphasis on biodiversity and environmentally-friendly properties, for which increasing efforts are needed from Japanese companies.

Specifically, regarding environmental initiatives by client companies, we perform a questionnaire survey with about 60 questions for manufacturing companies, and about 50 items for non-manufacturing companies. Based on the response, each company’s environmental initiatives are evaluated and rated, using six ranks (ranging from “AAA” to “D”). A company given an environmental rating in the top four ranks is provided with a preferential interest rate corresponding to its rank.

Sumitomo Trust’s “Environmental Rating Loan” Flow Chart

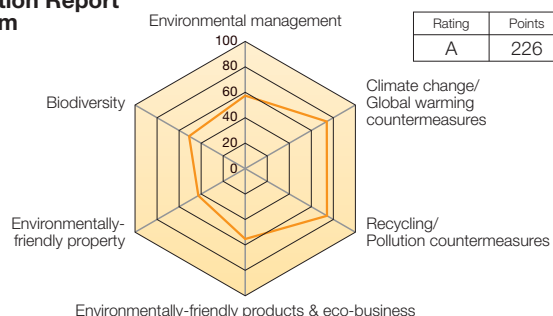


A company obtaining an environmental rating loan can raise capital at a low rate of interest, and can also expect results from enhanced recognition and status as a company with excellent initiatives which meet Sumitomo Trust’s environmental rating criteria for environmental and biodiversity problems.

We also provide a service which reports on our comprehensive evaluation and each item’s point rating and evaluation content and issues. The borrowing company can use this for understanding and

analyzing its own strengths and weaknesses. Moreover, Sumitomo Trust’s environmental rating criteria incorporate the latest information each year, and the borrowing company’s environmental rating is also updated based on new criteria. Therefore, a company can check its relative environmental friendliness each year.

Evaluation Report Diagram



(2) Preferential Interest Rate Loans for Environmentally-Friendly Housing

Sumitomo Trust is developing various housing loan products to promote environmentally-friendly housing. We began in 2004 by developing “Preferential Interest Rate Loans for Houses Equipped with Solar Power Generation Systems” (see page 6). In October 2008, we began offering “Sekisui House CO₂ Off Housing Loan” together with Sekisui House, Ltd. This new product applies a preferential interest rate in proportion to the margin of CO₂ reduction. In 2009, we began offering preferential interest rate loan products for housing in partnership with Sumitomo Forestry Co., Ltd., Sumitomo Realty & Development Co., Ltd., and others. As for condominiums, in October 2005, we launched a housing loan whose margin of preferential interest rate is decided based on the ratings of the Apartment Environmental Efficiency Label Program of Tokyo. Also, in October 2006, we started offering a housing loan whose margin of preferential interest rate is linked to the ratings of the Apartment Environmental Efficiency Label Program, “CASBEE Kawasaki,” which is operated by Kawasaki City.

(3) Promotion of CSR (Environment) Consciousness in Supply Chain Management

As companies expand their business operations globally, a business practice called “CSR procurement” is growing. CSR procurement refers to the selection of parts and materials on the basis of a supplier’s stance on CSR, such as its position on environmental friendliness and its record on labor management. In December 2006, Sumitomo Trust prepared the CSR-Conscious Receivables Collective Trusts scheme in partnership with PricewaterhouseCoopers Aarata Sustainability Co., Ltd. This helps to promote the CSR procurement by giving suppliers the financial incentive to enhance their compliance with the CSR procurement criteria. It is also possible to use this product as a means to strengthen the initiatives that are considered to be important in the view of the purchasing companies by focusing the scope of assessment of a supplier on specific themes like global warming or biodiversity friendliness.

3 Environmentally-Friendly Property-Related Initiatives

"Environmentally-friendly property," which is sustainable and has high environmental value, cuts energy costs, enhances the worker's productivity, and improves habitability for the residents. It can also add value by reducing risks of future regulations and boosting the company's image. Sumitomo Trust thinks that a full-fledged environmental property market will form through a process of making market participants aware of and internalizing such value added. We have undertaken research for a long time to make this a new pillar of the real estate business.

(1) Established New Section Dedicated to Environmentally-Friendly Property

Sumitomo Trust established the Sustainable Property Promotion Section in the Real Estate Business Development Department in April 2010. This section is developing its product line-up and services, and is also actively making recommendations for promoting the formation of this market.

(a) Environmentally-Friendly Development and Construction Consulting

This business provides advisory services regarding the installation of energy-saving systems in buildings, considerations for preserving the scenery and ecosystems, the extension of the lives of buildings, and the introduction of recycling systems, etc. With the increasing interest in environmental properties, more buildings are seeking certification or self assessment of CASBEE (Comprehensive Assessment System for Built Environmental Efficiency). Thus, Sumitomo Trust has been actively making proposals for obtaining certification.

In FY2009, for the new headquarters buildings of The Yachiyo Bank, Ltd., and Toyo Seikan Kaisha, Ltd., we succeeded in having both projects selected for "The Model Project for Promoting CO₂ Reduction in the House and Building" of the Ministry of Land,

Infrastructure, Transport and Tourism. The new headquarters building of Toyo Seikan Kaisha, Ltd. incorporated measures for superior CO₂ reduction, while external portions focused on the recovery of the local ecosystem by creating a green area for Japanese bush warbler to return in the future. The plan is to obtain certification by the Japan Habitat Evaluation and Certification Program (JHEP) of the Ecosystem Conservation Society-Japan.



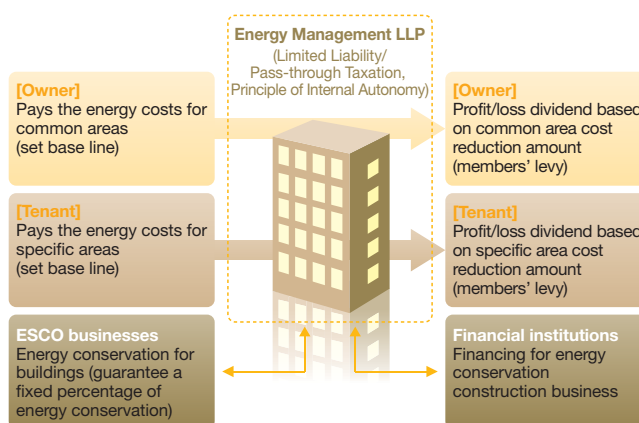
Toyo Seikan Kaisha, Ltd.'s new HQ building (conceptual drawing)
Provided by Takenaka Corporation

(b) Comprehensive Advice on Energy Conservation and CO₂ Reduction Regulations

There are increasing requirements for energy conservation and CO₂ reductions in real estate, including stricter regulations such as the Amendment to the Energy Conservation Act, and the Tokyo Metropolitan Ordinance on Environmental Preservation. In response, Sumitomo Trust is providing consulting on environmentally-friendly development, construction, and other topics, drawing on our comprehensive banking, trust and leasing functions.

One issue is the lack of progress in energy conservation of office buildings. This is because building owners stand to enjoy few of the benefits, since most of the benefits go to tenants. To resolve this problem, Sumitomo Trust has prepared a finance scheme that encourages building owners and tenants to cooperate in energy conservation efforts through limited liability partnerships (LLP).

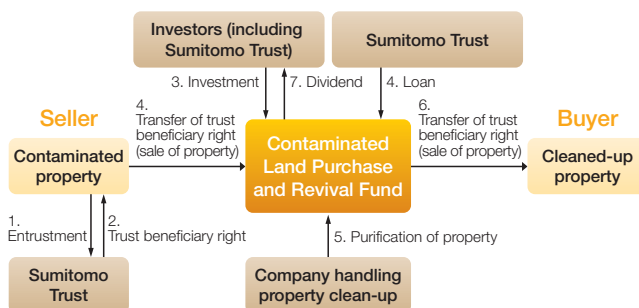
Energy Conservation Promotion Mechanism (LLP Structure)



(c) Support for Contaminated Land Purchase and Revival Fund

Starting in FY2010, listed companies are obligated to record asset removal liabilities for soil contamination surveys and countermeasure expenses. Since 2006, Sumitomo Trust has been supporting the smooth operation of the "Contaminated Land Purchase and Revival Fund," which greatly contributes to liquidity for contaminated land. This is an important topic for our environmentally-friendly property business.

Mechanism of Contaminated Land Purchase and Revival Fund



(2) Leadership in Promotion of Environmentally-Friendly Property

Sumitomo Trust has been making recommendations and delivering information on the formation of an environmentally-friendly property market, both in Japan and overseas. As a leader in this field in Japan, we intend to continue to actively play this role.

(a) Research and Recommendations on Environmentally-Friendly Property

In 2005, Sumitomo Trust published the results of its research on environmentally-friendly property up to that point. Thereafter, thinking that in order to foster the environmentally-friendly property market, it is essential to establish cooperative relations among professionals across a wide range of fields, we launched a “Sustainable Real Estate Study Group” in 2007, under Chairman Professor Tomonari Yashiro of the University of Tokyo’s Institute of Industrial Science (currently Director General and Professor). Its research results were published in June 2009 as an interim report: “Sustainable Properties—Prediction from Multi-Stakeholders’ Activities” (Gyosei Corporation). In December 2009, we sponsored a seminar at the environment-related event Eco-Products 2009.

(b) Involvement in Establishment of Mechanism for RPI (Responsible Property Investment)

At the United Nations Environment Programme Finance Initiative (UNEP FI) Property Working Group, in which Sumitomo Trust has participated since 2007, we are actively exchanging information with overseas institutional investors in order to promote RPI (Responsible Property Investment). We are also actively involved in the compilation of manuals for investors, including a handbook concerning evaluation systems of environmental performance of buildings in countries around the world. Currently, as a member of the Media Team, which is responsible for promoting RPI around the world, Sumitomo Trust is introducing

RPI handbooks. We are also active as a member of a working group for a common international index of environmental performance.

In 2010, Sumitomo Trust served as leader of the RPI Survey Team covering Japan’s investors, performing the “Survey of Responsible Property Investment” together with Japan’s Ministry of Land, Infrastructure, Transport and Tourism, and published its results.



“Committing and Engaging”
First in a Series of Toolkits on
Responsible Property Investment

(c) Activities in Various Committees

Sumitomo Trust is participating in the Investigation Committee of the Japanese Association of Real Estate Appraisal as the chair of the working group on Environmental Added Value, which is

studying how to link the environmental performance of real estate to real estate appraisal. In June 2009, this working group published “Environmentally considered properties will be highly valued—Embodiment of theory on the added value for sustainable properties” (Jutaku-Shimpo-Sha Inc.).

Sumitomo Trust is acting as an organizer of the CASBEE Property Appraisal Working Group, which is contributing to the development of an instrument that connects an evaluation system of the environmental performance of buildings to real estate appraisal. “CASBEE Property Appraisal” (2009 Edition), a manual made by this Working Group, was published at the February 2010 “CASBEE Property Appraisal Symposium.”

Sumitomo Trust participates as a member and Advisor in the “Study Group on a Real Estate Market that Emphasizes Environmental Value” of the Ministry of Land, Infrastructure, Transport and Tourism. We provided recommendations to the Study Group on ways to do value appraisal and information preparation for environmentally-friendly properties.

At “The 16th Annual International Land Policy Forum” in October 2009, under the topic of “Sustainable Real Estate Investment,” Sumitomo Trust acted as Coordinator by inviting leaders in Japan and from overseas to participate in a panel discussion.



International Land Policy Forum

(d) Environmentally-Friendly Properties Web Page

Sumitomo Trust has created an environmentally-friendly property section on its website (<http://www.sumitomotrust.co.jp/csr/innovation/real-estate/01.english.html>). This section reports on the latest initiatives concerning environmentally-friendly property, as well as papers, lectures, and various articles. In 2010, we also cooperated in creating the environmental real estate portal site of the Ministry of Land, Infrastructure, Transport and Tourism (<http://tochi.mlit.go.jp/kankyoku/index.html>) (in Japanese). We are providing information on environmentally-friendly projects through mutual links with this site.



4 Initiatives to Address Biodiversity-Related Issues

The earth is said to have 30 million diverse species, which mutually interact to maintain a delicate balance. However, humans take this for granted and have been destroying nature, which produces vast benefits. Sumitomo Trust thinks that various environmental problems including global warming end up as biodiversity concerns, and is working to address such biodiversity-related issues.

(1) Creating Policy for Initiatives and an Action Program

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 from around the world, signed a leadership declaration under the Business and Biodiversity Initiative, which was proposed by the German government. In July 2008, we created our “Basic Policy on Global Warming” and our “Basic Policy on Biodiversity-Related Issues.” We have positioned both themes as priority environmental issues (see page 5).



View of COP9 meeting in progress

Moreover, to promote a broader range of activities, we created the “Sumitomo Trust’s Biodiversity Program” in October 2009. This program is comprised of the following four initiatives.

Sumitomo Trust’s Biodiversity Program

1. As a leading company in biodiversity-related issues, contribute to the success of the Nagoya COP10
2. Develop new biodiversity-related financial products and services
3. All branches work on “Activities Supporting Living Beings”
4. The entire STB Group supports the “Sustainable Paper Resources Use Program”

(2) Develop New Biodiversity-Related Financial Products and Services

To “develop new biodiversity-related financial products and services” under the “Sumitomo Trust’s Biodiversity Program,” we are focusing on fields that draw on our unique strength of “Eco-Trustution,” and enhancing our product line. Some of these efforts are described below.

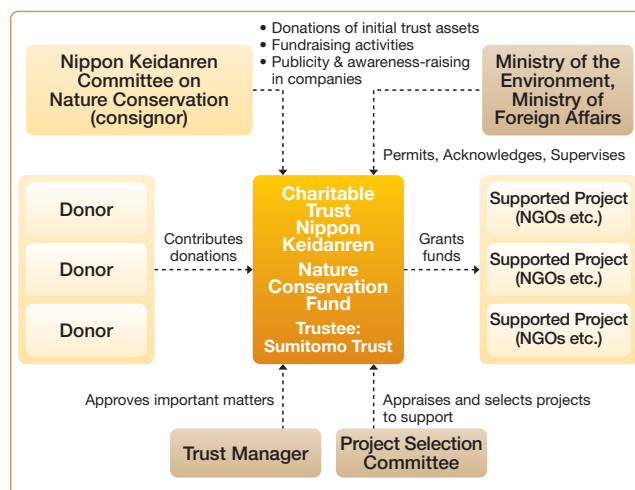
(a) Provide Funds via Trust Schemes, such as Charitable Trusts

Since the year 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 receives donations from Nippon Keidanren member companies and the general public, and supports nature conservation activities in Japan and those implemented in developing countries by NGOs and other organizations.

A charitable trust is a scheme for trustees like Sumitomo Trust to administer and manage funds entrusted by individuals and corporations for the benefit of public interests. We are acting as a bridge between the needs of clients who would like to donate part of their assets to nature conservation, and organizations which need funds for their activities (see page 18).

We feel that trusts have excellent functionality for creating such funding flow and provide a mechanism for bequests to environmental NGOs/NPOs and others not only in charitable trusts but also in testamentary trusts. In addition, Sumitomo Trust is also creating its own donation program (Support for the National Trust Movement, described on page 19), and is studying effective means for preserving the ecosystem and following through with implementation. Drawing on our know-how in this field, we will continue to expand our line-up of trust products which contribute to the preservation of biodiversity.

Mechanism of the Keidanren Nature Conservation Fund



(b) Biodiversity Evaluation for Environmental Rating Loans

In February 2010, Sumitomo Trust began offering “Environmental Rating Loans” (preferential interest rate loans for environmentally-friendly companies) as a product which connects biodiversity with loans. This product provides a rating based on our own comprehensive evaluations of a company’s environmental initiatives, and applies a preferential interest rate to the loan. Our unique evaluation incorporates such items as biodiversity-related initiatives, in addition to general items such as environmental management systems (see page 8).

(c) Launch of Mutual Fund Investing in Stocks with Biodiversity Theme

In August 2010, STB Asset Management Co., Ltd., an STB Group company, began selling the world’s first biodiversity SRI fund, which invests in Japanese companies actively working to protect biodiversity (nickname: “Ikimonogatari”). Together with the Environmental Rating Loans described above, this is attracting international attention as a leading initiative which analyzes a company’s risks and opportunities from the perspective of biodiversity in the screening process (see page 15).

(d) Development of Environmentally-Friendly Property Business, Giving Priority to Biodiversity

Sumitomo Trust believes that recovery of ecosystems in highly developed urban areas requires repeated efforts at the level of individual properties. Based on this concept, in our eco-friendly development and construction consulting work, we encourage clients to give consideration to the local ecosystem in the green areas on the property, and also advise them to obtain third-party certification, specifically, Japan Habitat Evaluation Procedure (JHEP) (see page 9).

STB Research Institute Co., Ltd, a member of the STB Group, published its “Survey on Office Worker Awareness of Biodiversity” in April 2010. According to this survey, areas of greenery in the vicinity of office buildings contribute to “enhanced creativity,” while tenants favor the maintenance of the local ecosystem in areas of greenery. This shows that biodiversity-friendly properties help to enhance the added value.

(3) Dispatching Information as a Financial Institution

Sumitomo Trust not only provides financial products and services, but also puts effort into delivering a variety of information and promoting activities that contribute to raising citizens’ awareness about biodiversity issues on a personal level.

(a) Nationwide Activities Supporting Living Beings

As part of the Sumitomo trust’s Biodiversity Program, our biodiversity-related initiatives have been named “Activities Supporting Living Beings.” These are being developed in our “With You” activities at our headquarters and all of our branches (63 sites) in Japan in cooperation with the local communities and others (see pages 34-35).

(b) Our Exhibits in the Eco-Products Exhibition and Biodiversity EXPO

“Eco-Products” is Japan’s largest environment-related event, held at Tokyo Big Site in December each year. Since 2007, we have created joint exhibits with the Ecosystem Conservation Society-Japan, focused only on biodiversity. “Biodiversity and Real Estate” is a theme these exhibits have consistently presented. In 2009, we presented specific examples of buildings which obtained JHEP certification, in cooperation with Mori Building Co., Ltd. We also exhibited at Biodiversity EXPO 2010, sponsored by the Ministry of the Environment, held in February 2010 (Fukuoka) and March (Osaka).



Joint exhibit booth at Eco-Products 2009

(c) Cooperation with Green TV

Sumitomo Trust has continually sponsored the environmental specialized broadband media “Green TV Japan” since it was first established in November 2007. Green TV delivers over 500 high-quality environment-related video contents at no cost. It also launched a special site dedicated to biodiversity in preparation for COP10. Sumitomo Trust itself created and posted a biodiversity-related video, which can also be seen on the Sumitomo Trust website.



Green TV Japan (www.japangreen.tv)



Screen image of the video:
“A Pleasant Future for
Living Things”

(4) Leadership on Biodiversity Problems

(a) Business and Biodiversity Initiative Activities

Sumitomo Trust is one of the 10 Japanese companies which have signed the Business and Biodiversity Initiative Leadership Declaration. In close cooperation with GTZ (German Society for Technical Cooperation), which organized this Initiative, we are acting as a bridge to stimulate activities in Japan, plan events at COP10, and work on the "Private Sector Engagement Initiative on Biodiversity," which will play a coordinating role for Japanese companies after COP10.

(b) Translation of "The Economics of Ecosystems and Biodiversity" (TEEB)

"The Economics of Ecosystems and Biodiversity" (TEEB) interim report was distributed at COP9, and is viewed as a groundbreaking report which systematically presents economics and ecosystems, and biodiversity problems. Sumitomo Trust understood the importance of this report, obtained the translation rights, and published its

translation in October 2008 with the Ecosystem Conservation Society-Japan and The Japan Research Institute, Ltd. (also posted on our website). Subsequently, this has been widely read as the authoritative report on biodiversity problems, greatly contributing to development of the biodiversity debate involving the people of Japan.

We are also cooperating in preparation of the TEEB final report (Business Edition), providing examples of initiatives, etc.



The Economics of Ecosystems & Biodiversity Interim Report
www.sumitomotrusted.co.jp/csr/innovation/biology/index.html

(c) Support for Grass-Roots Activities

Sumitomo Trust is convinced that energetic grass-roots activities are the key to a successful COP10. We have been extending support in various forms for the activities of the Japan Civil Network for the Convention on Biological Diversity (CBD Civil Network), an organization set up in preparation for COP10 for the purpose of promot-



Dr. Ahmed Djoghlaif, Executive Secretary of the Convention on Biological Diversity; CBD Civil Network staff

ing cooperation at the civic level, with NGOs/NPOs and others. For example, in the host city of Nagoya, our branch has made available lobby space and a seminar room, including on nights and weekends.

(d) Participation in International Conferences and Seminars, etc.

Ahead of COP10 Nagoya, Sumitomo Trust, as a company of the host country, has been working to make information available to overseas audiences. At the "Kobe Biodiversity Dialogue," an international conference held in October 2009, we participated in a panel discussion with European and US companies, explaining corporate involvement in biodiversity.

We also participated in the 2nd International Conference on Sustainable Business and Consumption (SusCon) held in Germany in June 2010, and announced our biodiversity initiatives. The Biodiversity SRI Fund we developed has attracted attention particularly from participating European financial institutions.

In July 2010, we attended the international forum "Challenges of Biodiversity, Economic Independence and Sound Local Governments," and participated in a relay talk with the heads of progressive local governments, giving a presentation on how financial institutions can contribute to local government initiatives for biodiversity.



Above: Participation in the Kobe Biodiversity Dialogue on October 15, 2009
Below: Presentation at the international forum of the Ecosystem Conservation Society-Japan

(e) Cooperation with UNEP FI

Sumitomo Trust is working to achieve closer cooperation regarding biodiversity problems with international financial organizations. For example, we supported the United Nations Environment Programme Finance Initiative (UNEP FI) in its creation of the "CEO Briefing," to be distributed at COP10. We provided examples of how we are incorporating biodiversity in our investment operations.

SRI (Socially Responsible Investment) Activities

There are growing calls for greater participation by capital markets to help achieve a sustainable society, with UN institutions taking the lead. From that viewpoint, there is an increasing focus on consideration of the environment (E), society (S), and governance (G) in asset management. Sumitomo Trust also thinks that Socially Responsible Investment (SRI) is an investment technique which embodies ESG, and has put effort into promoting this concept from early on. Here, we introduce STB Group's initiatives to drive the SRI market as an industry leader.

(1) Becoming Asia's Top-Class SRI Fund Management Company

Sumitomo Trust began managing Japan's first full-fledged SRI fund for corporate pension funds in July 2003. Since then, our strength has been the establishment and management of such funds for institutional investors, exemplified by the fact that we were the first trust bank to undertake the management of an SRI fund on behalf of a public pension fund. Our total SRI balance at the end of March 2010 was about 71.6 billion yen, one of the largest in Japan.* Also, the number of corporate pension plans adopting SRI funds for defined contribution pensions had grown to 121 plans as of the end of March 2010.

On the other hand, Nikko Asset Management Co., Ltd. (Nikko AM) became a member of the STB Group in October 2009. Nikko AM is an industry pioneer which began offering Japan's first eco fund in 1999. Thereafter, it released new products one after another: the global water fund, the world's first fund jointly developed with the World Bank which invests in green bonds, and Japan's first eco-related stock fund which is an exchange-traded

fund (ETF). Thus Nikko AM has strength in the management of SRI for individual investors.

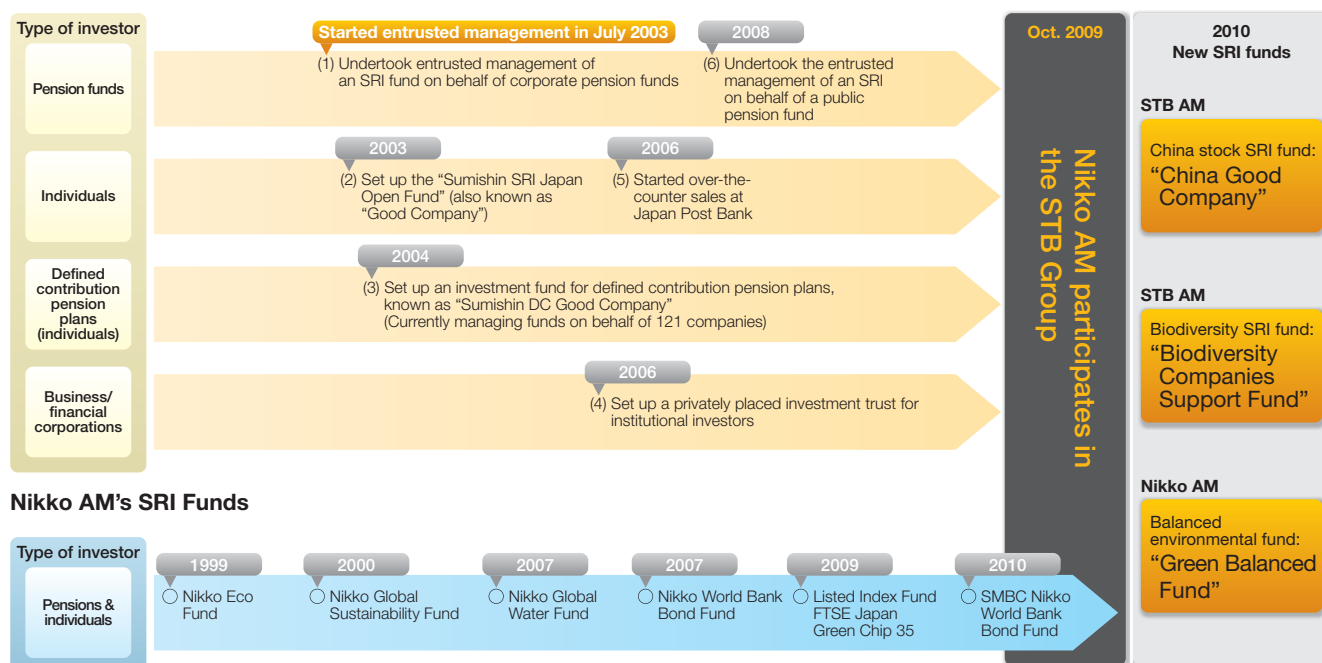
By combining our strength in SRI for institutional investors with the strength that Nikko AM has in the management of SRI for individual investors, with a diverse SRI fund product lineup, we aim to be Japan's strongest SRI management company. We are also demonstrating active leadership in expanding Japan's SRI market.

* Total of publicly offered pensions (including those handled by Japan Post Bank and China stock funds), corporate pensions, public pensions, defined contribution pensions, and private placement mutual funds.

(2) Developing and Offering New SRI Funds

Since Sumitomo Trust provided Japan's first SRI for corporate pensions in 2003, it kept the investment technique which comprehensively analyzes ESG as the core of its flagship SRI fund, and gained extensive experience through the provision of services to various investors. In 2010, we have been developing new distinc-

Flagship SRI Funds of Sumitomo Trust



tive products drawing on our wealth of experience, and used our Group's abilities to launch products, one after another, into the market. These advanced products are also attracting attention from SRI professionals overseas.

(a) China Stock SRI Fund: "China Good Company"
(Established by STB Asset Management Co., Ltd.)

This is a full-fledged SRI fund which invests in Chinese companies with excellent ESG, using investment techniques of Japan stock SRI funds to select from a wide range of China stocks, including China A shares*. We built a structure whereby ESG research is contracted to The Japan Research Institute, Limited, and with the cooperation of BSR (see page 20), we obtain negative information when available on companies in our investment universe. CSR is rapidly growing in China, led by the government, and this is the first SRI fund offered in the country by a financial institution other than China's financial institutions. Thus, this fund is attracting attention from SRI professionals in China and also in Europe and the U.S.

* China A shares: Shares traded in a market only for China's domestic investors. Overseas investors can only invest if they fulfill special requirements to qualify as a QFII (Qualified Foreign Institutional Investor).



(b) Biodiversity SRI Fund: Nickname "Ikimonogatari"
(Established by STB Asset Management Co., Ltd.)

Amid rapidly growing concerns about biodiversity problems, there has also been a dramatic increase in activities to tackle these issues by companies, such as efforts to consider biodiversity in selecting raw material suppliers, and expand such related activities in core businesses.

Against this backdrop, Sumitomo Trust developed the world's first fund to invest in shares of Japanese companies which work for the preservation and sustainable use of biodiversity. This fund focuses on three points for selecting companies to invest in: (1) Demonstration of active efforts to mitigate the impact on biodiversity, (2) Provision of technology or services which preserve biodiversity, and (3) Establishment of long-term goals for preserving biodiversity.



(c) Green Balanced Fund: Nickname "Green Green"
(Established by Nikko Asset Management Co., Ltd.)

Developed together with Nikko AM, this is Japan's first balanced type mutual fund with an environmental theme. Investments, which are unswayed by whether the investment environment is good or bad, are focused on environment-related targets, and diversified among bonds and stocks, advanced and emerging economies. The fund aims to be a means of stable asset management for individual investors.

Specifically, in order to pursue the "stable dividends and capital gains" which individual investors expect from asset management, "Green Green" is structured to facilitate well-balanced investing in a fund of bonds, called "ecology bonds,"* and a stock fund with three environmental themes: global warming, water, and biodiversity.

Bolstered by the policies of various governments, environmental businesses are expected to expand greatly as we steadily enter a new stage in which environmental value is directly linked to economic value. Taking into account these developments, Sumitomo Trust and Nikko AM came to the conclusion that the business environment is steadily evolving, and therefore created this fund.

* Funds in which bonds issued by international institutions and others make up a certain percentage of the assets, and are used to raise capital for environment-related projects.



(3) SRI Market Leadership

(a) Establishment of an ESG Manager

ESG is rapidly gaining increased attention in the asset management industry, especially in Europe and the U.S. As a result, SRI is quickly becoming a mainstream movement. In this environment, as an industry leader, Sumitomo Trust intends to drive this movement in Japan. In December 2009, the position of ESG Manager was established in our Securities Business Planning Department. We have begun considering the expansion of ESG initiatives in our overall asset management business, and providing a variety of information to related institutions in Japan and overseas. We are also expanding and enhancing our SRI website in Japanese: (www.sumitomotrust.co.jp/csr/innovation/responsibility/01.html).

(b) UN Principles for Responsible Investment—Japan Network, and ASrIA, SIF-Japan related activities

UN organizations and NGOs are now deeply involved in the movement to make ESG mainstream. Sumitomo Trust itself also thinks that cooperation with these organizations is essential. We are building close relationships with UN Principles for Responsible Investment (UN PRI) on a global basis, ASrIA on a regional scale, and SIF-Japan at the domestic level.

As a signatory institution, Sumitomo Trust has participated in planning the activities of UN PRI since it was first established in 2006. Japan Network was formed in 2010 to expand the application of these principles within Japan, and to support the promotion of more substantial activities by signatory institutions. Sumitomo Trust and Nikko AM serve co-chairs, playing a leading role.

Also, we joined “ASrIA,” a NPO aiming to promote sustainable SRI activities in the Asian region, in July 2004. We participated in planning the Corporate-Investor SRI Roundtable in May 2010 hosted by ASrIA. Moreover in March 2005, we became a member of Social Investment Forum Japan (SIF-Japan), a nonprofit organization which aims to encourage socially responsible investment in Japan. We support the activities of SIF-Japan as a key member, dispatching bank employees to serve on the forum’s steering committee.

(c) Provision of Information to Parties Outside of Sumitomo Trust

For our 2009 CSR Report, we invited Japanese experts and held a dialogue with stakeholders on the theme, “How Should SRI be Promoted in Japan?” The dialogue’s text is published on our web-

site: (www.sumitomotrust.co.jp/IR/company/en/pdf/csr/2009/05.pdf). The experts who participated accurately identified issues, giving due consideration to the fact that SRI in Japan lags behind Europe and the U.S.

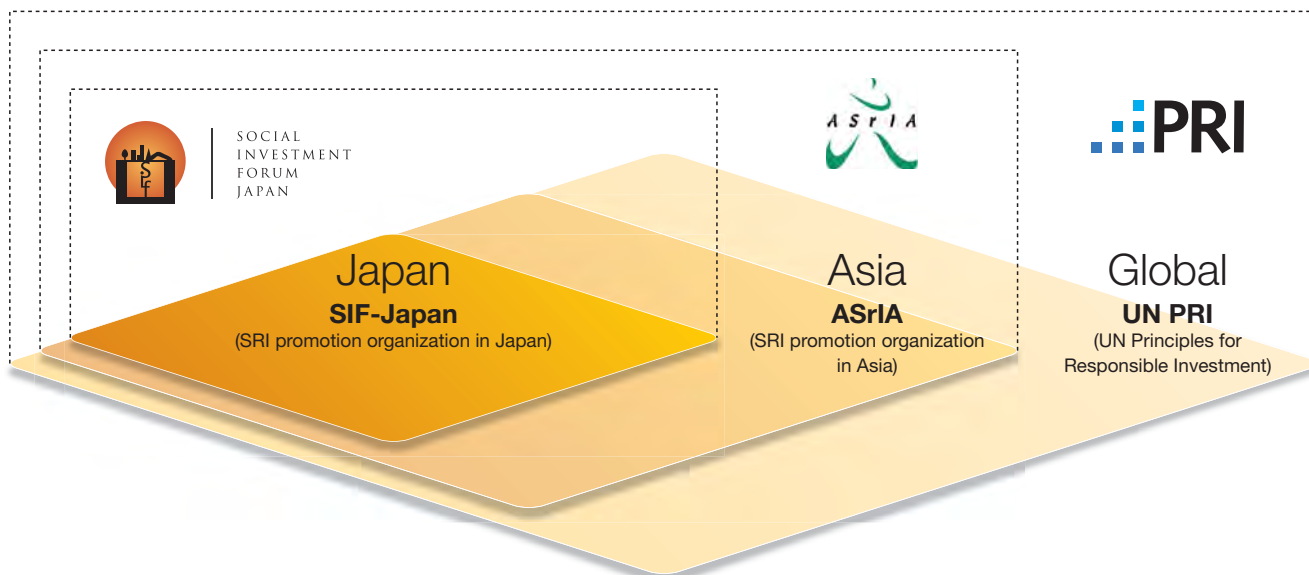
We also sent a representative to participate as a guest speaker at the “TBLI in China” session, as part of the TBLI Conference Asia, held in Tokyo in May 2010. This conference is organized once a year by the TBLI Group, alternating venues between Europe and Asia. It is one of the world’s largest ESG-related conferences.

Moreover, we participated in a seminar commemorating the launch of the CSR Asia Tokyo office in July 2010, where we gave a commemorative speech, “How Japanese Companies Should Practice CSR in the Asia Region,” and make speeches overseas as part of ongoing efforts to provide a variety of information.



Presentation at the “TBLI in China” session

Diagram of Relationships Built between Sumitomo Trust and UN PRI, ASrIA, and SIF-Japan



Activities Related to the Environment and CSR in China

China is introducing CSR as a government-led initiative in order to achieve a “harmonious society” (a society with harmony between all classes). The environment is being rapidly developed to encourage widespread adoption of CSR through means such as listing an SRI Index on the Shanghai Stock Exchange in 2008 and publishing a CSR company ranking by a government think tank. Sumitomo Trust launched a full-fledged China stock SRI fund in March 2010, which is also attracting attention in China, and we are engaging in various initiatives to support CSR-related and environmentally-friendly activities by Chinese companies.

(1) Contribution to Development of ESG in China

(a) Participation in the “Roundtable Meeting on China and Sustainable Investing”

Sumitomo Trust participated in the “Roundtable Meeting on China and Sustainable Investing,” organized by BSR, a U.S. NPO promoting CSR (see page 20), in October 2009. Together with representatives from the UN Principles for Responsible Investment (UN PRI) and European institutional investors, we had lively discussions on how Chinese companies should approach ESG from the investor’s perspective.

(b) Participation in Seminar Organized by UN Global Compact China Net Center

Sumitomo Trust participated in the “Seminar on CSR Reports in China Banking,” organized by the UN Global Compact China Net Center in December 2009. Sumitomo Trust made a presentation on the current status of its CSR activities and those of other Japan’s banks, and it was followed by a lively question and answer session. At this seminar, the China Banking Regulatory Commission (CBRC) made a keynote speech and reported on the leading initiatives of China’s financial institutions.

(c) Participation in Meeting of External Advisors for China Development Bank

In December 2009, invited by the China Development Bank, Sumitomo Trust participated in the “Meeting of External Advisors on Socially Responsible Indexes,” with the Chinese Academy of Social Sciences, Global Reporting Initiative (GRI), UN Principles for Responsible Investment (UN PRI), and International Finance Corporation (IFC). The China Development Bank is promoting cutting-edge CSR initiatives in China, and we are also actively making recommendations from our standpoint as a bank.

(d) Shanghai Corporate Governance Conference

Sumitomo Trust participated in the “Shanghai Corporate Governance Conference” in April 2010 (organized by Yale University, USA). The meeting’s theme was “What role should corporate governance play in a global financial center?” We made a presentation on our work in China stock SRI funds, and participated in a panel discussion.

(e) Activities of the Beijing Representative Office

Regarding ESG issues, our Beijing Representative Office is building closer ties with people in China’s banking and securities

industries, the Corporate Social Responsibility Research Center of the Chinese Academy of Social Sciences, and others. The Beijing Representative Office also put together a survey report on CSR trends in China’s banking sector in March 2010.

We also participated as a panelist in the “Environmental and financial specialist symposium on building green securities markets, and creating China’s sustainable investment policies” organized by the Ministry of Environmental Protection of the People’s Republic of China in June 2010. Along with the IFC and the Shenzhen Stock Exchange, we actively made recommendations on China’s green securities policies.

(2) Capital Participation in a Company Established for Engaging in Energy-Saving and Eco-Business in China

In October 2009, Sumitomo Trust undertook capital participation in Techno-Power Eco-Energy Company Limited, established in Hong Kong by QualiSys Management Consultancy (HK) Company Limited^{*1} and others to conduct ESCO (energy service company)^{*2} activities relating to energy-saving and eco-business so as to put to use the leading environmental technologies of Japanese companies in the field of energy-saving and eco-business in China (STB’s capital participation: 41.98%). This is the first time a Japanese company set up a joint-venture with a Chinese company for the purpose of engaging in ESCO activities.

In January 2010, Techno-Power Eco-Energy Company Limited established a subsidiary in Beijing to develop an energy-saving and eco-business in mainland China. This subsidiary agreed to sign an ESCO business-related contract with Beijing Feb.7th Railway Transportation Equipment Co., Ltd., which is a major Chinese national locomotive manufacturer belonging to the China Northern Locomotive and Rolling Stock Industry (Group) Corporation. This contract includes a menu of measures to apply the advanced technologies of Japanese companies, such as Idemitsu Kosan Co., Ltd., to improve the combustion rate of coal-burning boilers installed in factories. The new company will propose to other major national locomotive manufacturers the same menu of energy-saving measures for use in their factories.

^{*1} Management of productivity, improvement of production efficiency, consultation for quality improvement and training of employees. This consulting company primarily specializes in consulting related to obtaining certification in ISO9000 and ISO14001.

^{*2} ESCO activities are one of the business models in the energy-saving and eco-business field. A provider of ESCO activities offers energy-saving instruments and investment capital, and aims to recover its investment capital from the returns on the energy savings.

Financial Instruments and Services that Contribute to Solving Social Issues

Japan now faces various social problems, including a low birthrate, an aging society, growing poverty and income disparities, regional decline, and educational stagnation. Sumitomo Trust is working to develop financial products and services which take advantage of its trust function to contribute to solving such problems.

(1) Using our Trust Function to Facilitate Social Contribution Donations

According to the “Basic Survey on the Status of Donations and Use of Trusts” by the Trust Companies Association of Japan, 73.9% of people who have 10 million yen or more in assets want to make a donation. In recent years, the needs of people in Japan who want to contribute to society through donations have also continued to grow. There is a need for trust banks to utilize their trust function to make use of such social contribution donations for contributing to solutions for various social problems.

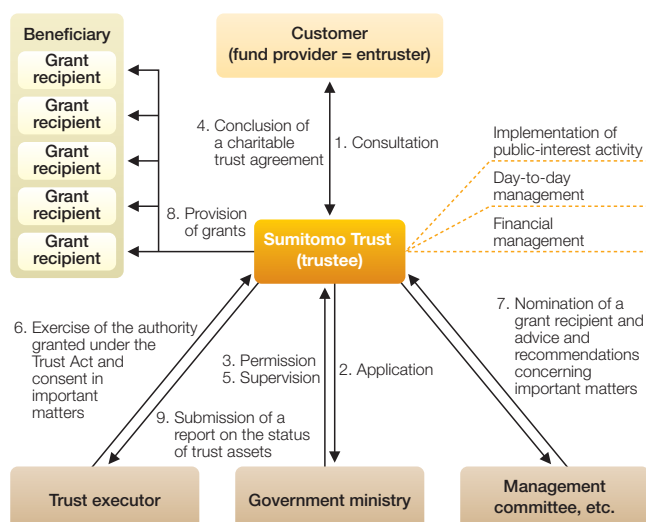
(a) Charitable Trusts

A charitable trust is a legally prescribed scheme for trustees like Sumitomo Trust to administer and manage funds entrusted by individuals and corporations for the benefit of public interests and providing grants for charitable projects. Like public interest corporations, as a legal scheme, charitable trusts play an important role in invigorating public interest activities for the purpose of academic activities, art, charity, religious services, religion and other public interests by using private funds.

Since undertaking the administration and the management of our first charitable trust in May 1977, the number of trusts we manage has steadily risen due to an increase in assets held by individuals and the growing awareness of social contribution among corporations. Currently, grants are provided for public-interest projects in a variety of fields.

In fiscal year 2009, a total of 670 million yen was provided by the charitable trusts managed by Sumitomo Trust to 1,150 recipients (including individuals, corporations, and other entities) to finance public-interest activities.

Mechanism of Charitable Trust



(b) New Managed Funds

Sumitomo Trust now manages 110 charitable trusts, operated in accordance with each trust's goals. In fiscal year 2009, we undertook the entrusted management of the Wasako Nakanishi Memorial Vision and Hearing Impaired Education Support Fund Charitable Trust, and the Chiba Bank Heartful Welfare Fund Charitable Trust.

Number of Charitable Trusts by Type

Type	Number of trusts under management	
	Currently entrusted	Finished
Scholarship	29	36
Promotion of natural science research	18	27
Promotion of human science research	3	4
Promotion of education	17	23
Social welfare	6	7
Promotion of arts and culture	7	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	110	143

(As of March 31, 2010)

(c) Wasako Nakanishi Memorial Vision and Hearing Impaired Education Support Fund Charitable Trust

Regarding the specific content of a charitable trust's operations, the following is a description of the Wasako Nakanishi Memorial Vision and Hearing Impaired Education Support Fund, which Sumitomo Trust began managing in fiscal year 2009.

For this fund, Wasako Nakanishi thought that “In order to make it easier to build a society in which everyone is able to live together, it is important to improve education for children with various disabilities, and the training of many teachers qualified to be responsible for a class of students with such disabilities is essential.” She provided assets to establish this trust, which aims to use the assets to enhance support for teachers in the area of education for individuals with vision and hearing impairments.

Specifically, this scholarship program provides scholarships to students studying in universities or graduate programs in Ibaraki Prefecture, who aim to become teachers in the field of education for individuals with vision or hearing impairments. It provides scholarships to 14 students each year.

(d) Charitable Trusts to Take Over Operations of Public Interest Corporations

There are about 25,000 public interest corporations (associations and foundations) which were established before December 2008. Based on the new public interest corporation system which came into force on December 1, 2008, these corporations must be changed to a general incorporated association or a general incorporated foundation, or else dissolved by November 2013. In response to this new system, one can use a charitable trust to continue a public-interest project with a charitable aim.

(e) Donations via Testamentary Trusts

In a testamentary trust system, the bequestor's assets are entrusted to a trust bank, which is responsible for the management and investment of those assets. In recent years, a growing number of Sumitomo Trust clients want their assets to be bequeathed for the benefit of society. There is also an increase in consultations from clients seeking guidance

regarding the selection of a public interest organization and the procedures required. To meet such need for information, we have compiled a pamphlet on public interest organizations accepting bequests. This pamphlet describes the approximately 30 organizations with which Sumitomo Trust has signed partnership agreements concerning testamentary trusts, explains each organization's major features and activities, and tells how the bequeathed money will be used.



* Note that a bequest can also be made to a public interest organization which is not described in this pamphlet.

In addition to charitable trusts and testamentary trusts, Sumitomo Trust intends to expand its line-up of trust products which link social contribution donations to solving various social problems. In addition to wills, we intend to study development of trust products in which one specifies a beneficiary and creates a trust while still alive.

(2) "Omoiyari" Special Donation Trust

Sumitomo Trust provides its line-up of trust schemes such as donation and testamentary trust funds, including the "Omoiyari Special Donation Trust." The latter 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 2009, we concluded new contracts for the management of 3 Omoiyari series trusts with total assets of some 140 million yen. (As of the end of March 2010, the total number of outstanding contracts for such trusts stood at 189.)

* Special donation trusts are trusts in which the family members or others can entrust money for people with severe disabilities, which trust banks disburse in periodic installments. Up to 60 million yen is exempt from special donation tax.

(3) Social Contribution as Part of Business

(a) Support for the Bell Mark Movement*

In its support for the Bell Mark Movement, Sumitomo Trust has been performing central administrative functions such as handling the payments from sponsoring companies to parent teacher associations (PTAs) and transferring assistance funds from partner companies to the Foundation. With the number of PTA accounts totaling about 28,696 as of the end of March 2010, the administration of these accounts requires enormous clerical work. However, as a supporter of the objective of this Movement, we have served as its sole disbursement agent for 27 years since 1983. In addition, we handle financial aid transfers to disaster-stricken and other distressed areas (friendship assistance).

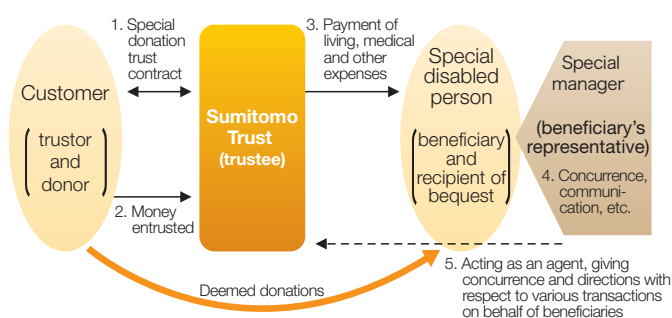
* The Bell Mark Movement provides grants for the purchases of education equipment in exchange for points accumulated by PTAs and schools through the collection of bell marks attached to the products of sponsoring companies.

(b) Support for the National Trust Movement

The National Trust is a citizens' movement which originated in the UK. It buys properties to protect land with beautiful scenery and wildlife habitats to prevent them from being destroyed by development. Sumitomo Trust recognizes that this movement plays an important role in ecosystem preservation and biodiversity maintenance. Thus, we donate to the Ecosystem Conservation Society-Japan an amount in proportion to the number of Green Balanced Funds ("Green Green") sold (see page 15). This organization supports a program which buys land inhabited by rare species in danger of extinction, and so far land has been purchased in Amami Oshima in Kagoshima prefecture (the Amami rabbit), Tsushima in Nagasaki prefecture (the leopard cat), and Kuromatsunai-cho in Hokkaido (the northernmost Japanese beech forest).



Structure of Special Donation Trusts



Proliferation of ESG in Japan



Tsukasa Kanai
(Moderator)

Head Office Executive,
Corporate Social Responsibility Office
Corporate Planning Department



Hiroshi Komori

IR Consulting Group Head,
Stock Transfer Agency Department



Seiji Kawazoe

Associate General Manager,
Securities Business Planning Department



Masato Ito

Deputy General Manager,
Sustainable Property Promotion
Real Estate Business Development
Department

This year, we invited Jeremy Prepscius, Managing Director (Asia) BSR*, and Xin Zhuo, Manager of Advisory Services, BSR (Beijing Office). They had a lively discussion with three Sumitomo Trust personnel associated with ESG (the Environment, Society and Governance) about the current state and future direction of CSR activities among Japanese companies, with particular emphasis on ESG issues.

* BSR (Business for Social Responsibility): Established in 1992 in the United States, it is the world's largest CSR promotion organization (NPO). BSR mainly provides consulting services in the strategic CSR field, with global membership of more than 250 companies. BSR is currently involved in CSR-related projects in more than 70 countries.

(The unabridged text of the "Dialogue with Stakeholders" is available for viewing in Japanese on our website: <http://www.sumitomotrust.co.jp/csr/index.html>.)

Kanai: I don't believe that ESG is properly understood yet in Japan. In the financial world, by contrast, ESG is becoming a commonly used term around the globe. In this section, we engage in extensive discussion with the aim of deepening understanding of ESG and its relationship with CSR, as well as the impact of ESG on the financial business and CSR issues facing Japanese companies. I believe such discussion is highly significant.

1. ESG: Historical Background——

Kanai: I would like to start by discussing what ESG really is. According to my understanding, the fundamental concept of CSR appeared in 2003, often called "CSR Year One" in Japan. At that time, CSR centered mainly on the so-called "triple bottom line"—the environment, society, and the economy—and did not incorporate the perspective of governance. When PRI

(Principles for Responsible Investment) was introduced in 2006, the concept of ESG became a topic of debate for the first time in Japan. I'd like to start our discussion by asking why governance entered the equation.

□ ESG Goes Mainstream

Komori: Since 1999, Sumitomo Trust has participated in the international conference held by the International Corporate Governance Network, headed by some of the world's foremost institutional investors. In the beginning, governance (G) was the main topic of discussion at these conferences. About four or five years ago, however, the issue of the environment (E) suddenly entered the scene, to be joined more recently by issues facing society (S). It's not as if the discussion topics shifted from G to E and S; rather, the territory covered by G expanded, in my opinion. I'd like to hear your opinion as to why these changes occurred.

Xin: The governance component of ESG is essentially of interest to mainstream investors, I believe. However, the environment and society elements have received growing emphasis, and this is why the ESG concept evolved. You might as well say that a whole new world was born with the birth of the term “ESG.”

□ Relationship between ES and G

Jeremy: If I could add one point, G (meaning governance) is important because it is where decisions are made. To cite an example, I'd like to describe my experience at Nike.



At that time, a Nike supplier obligated all of its workers to live in the company dormitory, and even charged rent for that accommodation. I was very doubtful as to whether or not Nike approved of the situation, and after six months of continuous contacts with the company, we still did not get a response. In the process, a huge number of problems came to the surface, and for the first time I held a meeting with company directors at the factory, which lasted for two hours. However, they declared their decision not to change the current situation. During lunchtime, I asked members of the Board of Directors whether or not they had actually seen the company dormitory. Since their reply was “No,” we arranged a tour of the dormitory. After just 30 minutes, they said, “Jeremy, now we understand. Let's make some changes.” They had transformed their attitudes.

Governance is all about decision-making. With respect to its impact on people and the environment, we have to watch what kinds of decisions are made by governance. And that is why governance is so important.

□ PRI: Becoming a Core Element of Investment Decisions

Kanai: It is said that ESG is becoming an increasingly mainstream concept for investors. But what is the real degree of progress, do you think?

Kawazoe: At present, the United Nations Principles for Responsible Investment (UN PRI) has the greatest influence on overseas investors. It is a fact that many European pension funds and investment companies have made PRI part of their investment guidelines.

At the same time, investment companies are assembling specialist teams, capable of analyzing such non-financial data as the environmental, social, and governance aspects, in addition to their fundamental analysts. In other words, more and more fund management organizations bring together people engaged in tra-

ditional fundamental research and those who can analyze the primary elements of responsible investments. PRI has become especially mainstream in Europe.

□ ESG's Place in Supply Chain Management

Kanai: By the way, having just listened to the story about Nike, I get the feeling that initiatives to address ESG problems in the supply chain management area became mainstream quite a long time ago—well before the financial sector. Is my understanding of this correct?

Jeremy: Another way of describing the ESG acronym is “people, planet, and profit,” and “people” represent the “S” (society) part, while “planet” is “E” (environment) and “profit” is “G” (governance). Rather than question where ESG came from, I think it's preferable to say that “each element of ESG constitutes a fundamental block for building a business.”

Xin: The situation differs by industry. In the case of apparel manufacturers like Nike, NGOs focused on the issue of eliminating inferior working conditions in Asia. This led to greater recognition of supply chain issues. In the financial sector, companies should be calling for a deeper emphasis on ESG. For example, we should by all means place the spotlight on companies that provide financing for projects that pollute the environment.

□ The NGO Effect

Kanai: NGOs are very strong in Europe and the United States, as can be seen by the progress they have made in solving problems such as the Nike issue. However, NGOs are not so strong in Japan. Isn't this a disadvantage in the context of broadening the ESG concept?

Jeremy: When Japanese companies advance their operations on the global stage, they must compete with other international companies. In this context, it becomes important to earn the confidence of other stakeholders, such as consumers and governments. This trust evolves in tandem with their reciprocal relationships. For Japanese companies competing on the global stage, the importance of maintaining ties with NGOs will continue to grow, I believe. Also, as the world grows increasingly complex, more and more people and organizations will want their voices heard. NGOs will ask a bunch of tough questions, but open and courageous companies that are willing to listen will be able to access better information, and thus establish a stronger, more competitive position vis-à-vis other companies.

□ Impact of NGOs on

Environmentally-Friendly Property

Kanai: In the real estate market, I get the impression that the players on the ground are taking the initiative with respect to ESG issues. What is your opinion?

Ito: With respect to environmentally-friendly property investments, it is not that NGOs are nowhere to be seen. As a matter of fact, financial institutions and real estate companies in Japan are starting to ask NGOs for knowledge that they could not access in the past.

Let's cite the example of biodiversity, a concept that is difficult for us to grasp. But by listening seriously to NGOs that make passionate pleas about preserving biodiversity, Japanese companies are gradually beginning to understand that this is an economic issue, and they can generate new levels of economic value if they respond properly.

□ Role of the United Nations

Kanai: The United Nations Global Compact and PRI seek to address ESG issues in a highly proactive manner. What kind of roles are the UN and other organizations playing here?

Xin: The UN seeks to be the leader in various fields, the body that makes the first move. Even in the financial sector, the UN endeavors to exercise its influence through the United Nations Environment Programme Finance Initiative (UNEP FI), and the UN PRI is an organization set up to address financial issues.

The UN PRI has broadened the geographical domain of its activities to include Europe, North America, and China, with the aim of attracting as many members as possible. In the beginning, initiatives were of a voluntary nature, but each year going forward companies will assume more obligations, including submission of reports about their compliance with PRI principles. Those who fail to follow the principles will be asked to withdraw membership, so I feel that the UN PRI will come to exert a very strong influence.

Kanai: Do you think that the UN PRI intends to create a type of de facto standard?

Komori: I certainly get the feeling that PRI principles are slowly becoming the de facto standard. In the past one or two years, a large number of overseas institutional investors have introduced themselves as signatories to the PRI, as if it is some kind of status symbol. Nowadays, when I mention that Sumitomo Trust is also a signatory, it instantly creates an atmosphere conducive to conversation.

□ Calls for a More Holistic Approach

Kanai: Do you have any other comments about ESG?

Jeremy: The real issue with ESG is the need for companies to think of the question of “externality” in their business models. Externality is labor or the environment, for instance, and companies must make various business choices taking into account these externalities. Companies need to decide how they can generate earnings while taking all these factors into account.

Kawazoe: The key challenge here is to adopt a holistic approach. When I think of a company with a holistic business approach, I envisage one that places due emphasis on the environment, society, and governance. By contrast, those who simply pursue CSR activities that they like adopt a selective approach.

Kanai: For people like us doing business in Japan, it is certainly difficult to adopt a holistic approach. In light of how the UN PRI was formed, one probably could not understand ESG without having a holistic approach. Those who pursue selective CSR would miss the target. I feel that we have verified that fact during this discussion.



2. Japanese Companies' CSR

Kanai: Now, I'd like to talk about what companies must consider from the ESG perspective when pursuing CSR activities within their core businesses.

□ Japanese Companies' CSR:

Specializing in the Environment

Kanai: Mr. Komori, you mentioned that you got the feeling that a gap exists between western and Japanese companies regarding their positions on CSR, when you did the rounds of overseas investors as an IR practitioner. Can you explain this perception?

Komori: I have visited a number of CSR evaluation organizations together with corporate clients. When asked to make CSR assessments of client companies, all evaluation organizations said that a gap exists between western and Japanese companies. Japanese companies devote unparalleled energies to the environmental aspect. Indeed, they go beyond what is necessary from the evalua-



that proper comparisons cannot be made. From the viewpoint of people in the evaluation agencies, this is the most problematic aspect of Japanese companies' CSR activities.

Jeremy: I completely agree with your assessment. The value of a company's CSR is decided by the markets in which it does business. Japanese companies advancing their operations overseas must also keep this in mind, I believe. What are socially responsible corporate activities will be decided by the values on which the market places importance. Japanese companies advancing their operations overseas must also keep this in mind, I believe.

□ ESG Priorities Differ by Nation

Xin: Companies should modify their CSR activities according to the countries in which they operate. Whether it's ESG or CSR, it is only natural for a company to change its approach depending on the context of each country.



Japanese companies are extremely sensitive to environmental issues. Japan has a small land mass and is not blessed with abundant natural resources. In this context, energy and resources must assume a high priority. At the same time, the natural environment must also be protected.

Of course, Japanese companies cannot afford to overlook non-environmental issues. Having said that, the heavy emphasis placed on the environment is, in itself, not problematic.

Jeremy: For every company, managerial resources are limited, and the role of governance is to allocate such limited resources in an effective manner. By communicating with stakeholders in various markets and deepening relationships with such stakeholders, companies can reach an understanding as to what is important in each market, and how such value can be linked to their own businesses. If they follow this approach, we can hand down appropriate judgments.

□ Are Japanese CSR Activities Authentic?

Kanai: Recently, I attended a party awarding the CSR activities

of Japanese companies. In each case, an executive of the company took the stage to make a prize acceptance speech. Unanimously, they claimed to have been committed to CSR for the past century. This approach seems different from modern CSR spoken in the context of ESG.

Xin: It's similar in China. Representatives receiving prizes on behalf of major corporations often state that they have pursued CSR since long ago and that it is not particularly new.

Many companies that claim to be pursuing ESG activities are doing so in name only, and in essence they have not changed their practices at all. If a company has a serious commitment to sustainability, it must undertake drastic changes, not superficial ones.

Jeremy: The only way to test whether or not a company's practices are correct is to ask really difficult questions. But is there anyone in Japan prepared to ask the tough questions? The truth will be revealed once companies are forced to answer such questions.

□ CSR as a Management Strategy

Kanai: Next, I'd like to talk about what is necessary in order to promote CSR as a management strategy, also taking into account issues about Japanese companies discussed earlier.

Mr. Kawazoe, you recently attended a conference in Seoul, South Korea, called Business for Environment (B for E). Did you get the impression that Asian companies have begun conducting CSR activities with a holistic approach?

Kawazoe: Yes, I did get that impression. Many South Korean and Taiwanese companies primarily target overseas markets rather than their own. Therefore, they move more quickly than Japanese companies to recruit personnel and incorporate localization and CSR as elements of their management strategies.

In the future, Japanese companies will need to embrace this new holistic concept when advancing their businesses overseas. That is what I thought at the conference.

□ Why CSR?

Kanai: Sustainability has become an extremely important management issue in real terms. In this context, can Japanese companies win against international competition?

Jeremy: Why should companies pursue sustainability? Because it is a highly future-oriented theme that encourages corporate growth. If a company doesn't lead the world in this respect, it cannot become a leading company in that industry. And to do that, we need a holistic approach. Without such an approach, a company should repeatedly ask itself why it is

doing business in the first place.

Companies must also invest in innovation. The world is changing, and markets are changing as well, so companies need to constantly invest in innovation. They must also respond to changing demands of consumers, and also think about ways to approach consumers to encourage adoption of sustainable consumption.

□ Strategic Significance of Environmentally-Friendly Properties

Kanai: In our company's environmentally-friendly property business, currently a domestic initiative, we are trying to incorporate ESG through our participation in the UNEP FI's Property Working Group (PWG). Is this approach important in order to win in the domestic market?

Ito: The first major issue is the need for the real estate business to become sustainable in itself. In the course of realizing a sustainable society, office buildings and residential units must be designed with specifications that suit a sustainable society. Without this, the real estate business will fail to evolve.

In this context, a number of systems have been developed to evaluate the environmental performance of buildings. These include BREEAM in the United Kingdom, LEED in the United States, and CASBEE in Japan. From the perspective of investors, the variety of such frameworks underscores the need to employ some common benchmarks.

At the same time, real estate has inherent regional characteristics, so individual attributes will differ according to country. I feel we must create real estate investment standards that reflect a balance between the need for common responses from all nations and specific responses from individual nations.

At present, the real estate market is recovering, and investors around the world are finally beginning to make diversified inter-



national investments. I feel that, through initiatives such as those described above, there is a need to create a framework for the Japanese real estate industry allowing investment decisions to be made that effectively address ESG issues.

Kanai: In order to attract overseas investors, domestic businesses need to act according to a holistic approach. Do you have any comments about this point?

Jeremy: When we think about real estate, we need to consider which questions should be asked, and in which circumstances.

When designing a building, an architect needs to consider which problems need to be solved while preserving the original design concept. The ecosystem of the entire city also must be taken into account. These factors represent a holistic approach, in my opinion.

Xin: The issue of sustainability has become a huge topic even in China. At present, China is undergoing a major urbanization trend, and many people from regional areas are moving to the cities. According to some sources, the shift will involve close to 900 million people.

In this context, how should we handle urban design and other issues going forward? This is a major problem. What shall we do with real estate in China? Building construction, too, is becoming the target of extensive debate from the perspective of maintaining sustainability in the future. I have no idea how this will pan out, but it is certainly a very serious issue for the future.

□ Breakthrough to ESG Proliferation

Kanai: As a CSR manager, I am concerned that businesses related to sustainability are not expanding. What would provide the motivation for companies to significantly expand their sustainability businesses? I'd love to hear your comments.

Jeremy: If you find the answer, make sure you let me know! (Laughter) In my experience, it takes effort and internal leadership to change a company. The pursuit of CSR activities should not just be a feel-good endeavor for a company; it must also be important from the viewpoints of stakeholders and the business itself. By applying a "materiality filter" to CSR activities, they can also become business. It will require considerable effort, I think, and leadership without fear of failure is also crucial. Meanwhile, the world is changing very rapidly, and businesses must keep abreast of such changes. CSR is necessary under such circumstances.

Kanai: Equity investors are concerned first and foremost about corporate value—in other words, the share price. Taken to the extreme, shareholders may be satisfied as long as the company is looking after them. In this context, how do we go about promoting the concept of sparking innovation while addressing the needs of diversified stakeholders?

Komori: During my 10 years as an IR practitioner, I've gotten the sense that shareholders, especially institutional investors, are not treated as stakeholders by Japanese companies. However, mainstream institutional investors are not requesting the undivided attention of companies; they are just asking to be included as part of the stakeholder group. Japanese compa-

nies tend to devote excessive energy toward the manufacture of products, and overlook the true purpose of why they are engaged in business. It has become a one-way street from both perspectives. This is the source of dissatisfaction among foreign institutional investors.

□ Rengo and Pension Funds Hold the Key

Jeremy: Recently, I heard that Rengo, the Japanese Trade Union Confederation, has started asking its affiliated pension funds about SRI and ESG. Rengo is a stakeholder for many Japanese companies, and it can also exert influence over corporate pensions. I'd like to ask how you plan to respond to such moves by Rengo.

Kawazoe: When investors have questions or inquiries about environmental or social issues, we must mutually relay the questions to companies which are the targets of investment, since we are acting as the investors' trustee.



From that perspective, if there's an inquiry from a pension fund customer, for example, this provides an opportunity for closer engagement with these companies which are the targets of investment. The question is how to translate such engagement into something tangible, which should become clear in the future.

Jeremy: I can't wait! (Laughter)

Komori: The issue to date with governance in Japan is the tendency for foreign institutional investors to be ignored by Japanese companies when they make requests. If an institutional investor of a Japanese pension fund made a similar request, the company would probably take the matter more seriously. So, such moves by Rengo and pension funds and debates about ESG will certainly have a favorable impact on both institutional investors and issuers.

□ Chinese Companies use CSR as a Strategic Opportunity

Xin: We have various dealings with numerous Chinese companies, and we have noticed a single turning point in the process. Sustainable companies in China have adopted the approach that "being at the leading edge of ESG provides not pain but opportunity." They often visit institutional investors and talk about ESG and CSR, and explain why new products are CSR-compliant. I'm looking forward to seeing how interaction between companies

and their institutional investors and other stakeholders progresses in the future.

3. Thoughts for the Future

Kanai: Now, I'd like to get final thoughts from everyone before wrapping up with some advice from Jeremy.

Ito: Initiatives related to ESG have evolved from a holistic approach. In the final analysis, however, ESG contains elements that can be incorporated into a company's real estate holdings or in its corporate value. Our task going forward is to make this fact more and more evident.

Komori: I wish to continue providing information and consulting services that encourage issuing companies to join us in thinking about ESG.

Kawazoe: Our challenge is to help companies incorporate global standards relating to the environment, society, and governance into their operations. This, I believe, will lead to more entrustment of assets overseas and increased overseas business for our company.

Jeremy: In Sumitomo Trust's CSR Report last year, I noticed the term "Eco-Trustution." At this point, I would like to ask two questions: "Why are you doing this?" and "What do you wish to achieve?" I have similar questions about environmentally-friendly property.

Companies that ask themselves such honest questions can become CSR leaders, in my opinion. This means understanding your own business practices and maintaining transparency, while at the same time working to involve other companies, the government, and general society into the mix. It does not simply mean compiling a list of CSR activities. Rather, it means developing CSR as an integral component of your overall combination of activities. That is what will be required in the future. On behalf of BSR, I eagerly look forward to working with Sumitomo Trust, who is showing clear leadership in this field.

2

As the world gets more complicated, it has become all the more important for companies to earn the trust of their various stakeholders. Based on the idea that earning our clients' trust is the foundation for our company activities, Sumitomo Trust implements company-wide customer satisfaction (CS) promotion activities. We are also making an effort to earn the trust of local communities, conducting activities that take into account the unique characteristics of the areas they serve and contribute to the region.

2009

2010

Plans

- To continue activities to improve services by listening to the voice of our customers.
- To assist in grass-roots activities in support of holding the 10th meeting of the Conference of the Parties to the Convention on Biological Diversity (COP10) in Nagoya.
- To hold seminars on countermeasures against financial fraud across Japan.
- To establish a framework for systematic implementation of a program for junior and senior high-school students to experience the workplace.

Achievements

- Released documentation of individual customer feedback to the whole company, via the "Voice of Our Customers CS Portal." Implemented improvements that have made our products, services, and company notices easier to understand.
- Held COP10-related events in collaboration with civic groups. Offered our support to other such events.
- Conducted 13 seminars, in 15 different branches, about countermeasures against financial fraud.
- Newly formulated our Workplace Experience Program and developed a structure for its cross-departmental implementation.

Plans

- To strengthen efforts to improve the quality of our products and services by issuing surveys to our business partners or directly asking their opinions.
- To make the preparations necessary to set up a financial ADR (alternative dispute resolution) system and facilitate its smooth operation.
- To prioritize activities that support living beings and projects related to successful aging through "With You" activities.



Mr. Hitoshi Tamura
Advisor, RICOH JAPAN Corporation

Comment from Stakeholder

“CS is pleasing the customers that you have chosen.”

All of the books you read about CS say, “Listen to the customer’s voice.” Actually, they’ve got it backwards. If you simply listen to your customers without setting your standards in advance, you won’t know what to do. First of all, you need to clarify what is important to you and what you care about, and convey that to the customers. Then you ask the customers if they can sympathize with your way of thinking. You say, “This is what matters to us. What do you think?” If the number of customers that sympathize with you is small, then that means that you have misplaced priorities. Hence you would need to adjust your way of thinking to earn the sympathy of your customers. Simply put, CS is pleasing the customers that you have chosen.

Even banks have to decide who they want their customers to be. Then they have to think thoroughly about what those customers are looking for, and whether they are meeting those demands. In short, CS is not a matter to be left to subordinate employees, but something that needs to be addressed starting with the people at the top, as part of the company’s business strategy.

! Main Policies

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, so 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 providing information that is contrary to fact, or explaining uncertain matters 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.

Activities to Earn Our Customers' Trust

If a bank does not earn the trust of its customers, it will not be able to do business, even for a single day. Sumitomo Trust always listens to the feedback given by its customers and strives to better meet their needs in the belief that earning customers' trust should constitute the core of its corporate activities.

1 The Sumitomo Trust Concept of CS (Customer Satisfaction)

Amid radical transformation of the financial environment, customers have become far more selective in their financial institution. To be the financial institution chosen by customers regardless of the times, we position the promotion of CS (customer satisfaction) activities as the most fundamental element in the conduct of our trust business. We place importance on "Trustee-ness" that takes into consideration the customer's point of view, providing the best solution carefully and individually based on trustee spirit. At the same time, we aim to build the "CS No.1" brand by speedily providing financial services with high added value that meet the needs of customers through the combination of diverse functions that feature "STB-ness."

2 Activities to Promote CS

(1) CS Promotion Structure

Sumitomo Trust takes customers' opinions, requests and complaints seriously 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-Action) cycle* that starts with feedback from customers.

Feedback from our customers is passed to our head office through the Customer Service Promotion Office, "Voice of Customers" cards, the "CS Monitoring Survey," "Customer Questionnaires" and our call center, as well as via branches and service counters across Japan. This feedback is then investigated by

Mechanism for Receiving Feedback from Customers



each operating division; the causes are analyzed, problems are identified, and improvement plans are formulated. The Customer Satisfaction Promotion Department oversees CS promotion activities, and checks whether they are easy for customers to understand. In fiscal year 2009, we received some 210,000 cases of feedback.

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

(2) Linking the Voice of Our Customers to Improvements

In addition to feedback obtained in the form of opinions, through such initiatives as "Voice of Customers" cards and "Customer Questionnaires," the words of admonishment or praise that we receive in the course of everyday consultations, queries and requests at our branches and over the telephone are also invaluable to us.

Rather than burying these opinions amid the more than 200,000 cases of feedback we receive every year, we have deployed a company-wide "CS Voice of Customers Portal," which enables our staff to analyze and refer to this feedback in order to enhance satisfaction, and both our head office and branches promote improvements based on customer feedback. By making the diverse feedback from our customers more "visible" and "easily noticed," Sumitomo Trust is striving to respond to the needs of its customers.



"CS Voice of Customers Portal" screen image

(3) Examples of Improvements

We have analyzed the customer feedback received in fiscal year 2009, and have reflected this in a variety of initiatives. For example, in response to customers who told us, "It's hard to find your branches and car parks," we posted detailed maps on the "Branch Access Guide" section of our website, in addition to the simplified maps already found there.

Not only does this more detailed map enable our customers to check the location of our branches and car parks, but it also has an “enlarge/shrink” function, which means that customers can also look for nearby landmarks, such as buildings and department stores, not to mention finding the most convenient station or intersection. Furthermore, if the mobile phone bar code reader function is used, detailed maps of the area around the branch and the car park can be viewed as our customers approach them.



Image of screen showing information that makes it easier to find the branch or car park

Moreover, in response to the feedback that “there are so many investment trusts—it’s difficult to know which product to choose,” we have added a “fund comparison button” to our web page. Users view the “Investment trust constant value list” and tick the boxes on the right-hand side, next to the funds they wish to compare (up to a maximum of three), then click on this button to display a graph which allows them to compare movements in the constant values of the funds to the present day (over six months, one year and three years). Furthermore, on the “Historical data comparison” page, we have made it possible for our customers to compare indicators concerning the constant values of investment trusts, such as major stock indices and foreign exchange rates. This function has now also been added to the “Investment trust fund line-up” screen as part of our internet banking service.



Screen that appears when the “fund comparison button” is pushed

3 Activities to Raise Employees' CS Awareness

(1) Disseminating Information Via Our Intranet (CS Promotion Site)

In April 2009, Sumitomo Trust established a CS Promotion Site on our intranet. As well as providing an easy to understand explanation of our approach to CS, this site contains reports that have used the “CS Voice of Customers Portal” to analyze the feedback from our customers, and provides an introduction to good examples of CS activities being undertaken by our branches, not to mention initiatives undertaken by other companies that serve as a point of reference. In fiscal year 2009, we launched a project aimed at stipulating areas on which the retail financial services business should focus each month, in regard to the level of customer service that should be achieved in our branches, and ensuring thorough adherence to those standards. Based on customer feedback, we disseminate information about the necessity of specific improvements and make employees aware of the significance of these. Moreover, at the same time, we let our employees know about the publication on our external website of improvements implemented by our business divisions, based on customer feedback. Sharing such information with all of our employees leads to a company-wide improvement in CS awareness.

(2) CS Training (Improving Customer Contact Processes)

In order to improve customer contact processes, Sumitomo Trust has distributed to all domestic branches a “Branch Checklist & DVD” that serves as a point of reference in relation to customer admonishments and complaints. The aim of this is to improve quality and ensure standardization in relation to “The status of facilities such as lobbies and booths” and “Personal appearance and basic movements.”

“The status of facilities such as lobbies and booths” and “Personal appearance and basic movements” both have a major impact on the impression that customers receive of our company. All branch employees watch the DVD and then, based on the “Branch Checklist,” they check the lobby and booths to ensure that none of the ATM posters have become faded and that all magazines are less than one month old. In addition, there are personal appearance checks to ensure that jackets are being worn and that none of the female employees are wearing nail art.

(3) 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 March 2010, 78 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 non-profit organization. Holders of this certificate have acquired the care-giving skills required in the service industry, including helping the blind.

(4) Workshop on Support for Customers with Dementia

Due to the fact that it receives a lot of enquiries from the families of elderly people and concerning procedures relating to elderly people, the Tsudanuma branch invited a speaker from the Funabashi City Hall to hold a “Workshop on Becoming a Supporter of People with Dementia.” All of the employees of the branch received orange wristbands, to show that they support people with dementia. The lobby is also equipped with booklets and a dementia checklist, in order to disseminate correct knowledge and promote a greater understanding of dementia among our customers.



A scene from the Workshop on Becoming a Supporter of People with Dementia

(5) Simulated Experience as an Elderly Person

With the cooperation of the Shizuoka Prefecture Council of Social Welfare, the Shizuoka branch held the “Seminar Providing a Simulated Experience as an Elderly Person,” in order to provide good service from



A scene from the “Seminar Providing a Simulated Experience as an Elderly Person”

the perspective of elderly customers. Participants wore special equipment that prevented them from moving freely and went through the process of visiting a branch of the Bank and completing a contract for a time deposit account. This enabled them to gain a real sense of the inconvenience faced by elderly customers, such as which sections of the form are hard to read and the fact that even sitting and standing can be a burden. As a result, this has motivated employees to further reduce the burden on elderly customers and to be more attentive to them.

(6) “Pledge to Customers—Mission Statement”

The departments that deal with retail clients have stipulated a “Pledge to Customers—Mission Statement,” and employees working for such departments always carry a copy of the pamphlet for use as their conduct guidelines. Every six months, employees look back and review whether their own activities were in line with the “Pledge to Customers—Mission Statement.”

Pledge to Customers

Our mission statement is the “Declaration of Action” of Sumitomo Trust, which represents the action guidelines for company employees and our promise to our customers.

Customer Satisfaction

We endeavor to enhance our knowledge, education and personal qualities to be deserving of the trust of our customers and aim to become financial professionals who can provide a top-quality response to all queries.

Goals for Action

- We will always put the interests of the customer first
- When a customer makes a request of us, we will first of all think “How can I make this happen?”
- We will value the relationships of trust between one person and another above the relationship between the customer and the bank
- We will take responsibility for our actions towards customers and do our utmost always to provide a swift response
- We will ask ourselves whether we are deserving of the trust of our customers and take responsibility in responding to this

Valuable Suggestions

We will make suggestions for attractive products and services not found elsewhere, which are based on an awareness of the expectations and problems of each and every customer, including issues that customers have not yet noticed.

Goals for Action

- We will continue to pursue high quality in our consulting work
- We will implement tailor-made asset management that suits the lifestyles and life stages of our customers
- We will identify needs that customers themselves have not yet noticed and make customer-oriented proposals
- We will continue to provide the latest information and specialist knowledge to our customers in a timely fashion

Mobilizing the Power of the Individual

Each and every one of us will, as individuals, properly fulfill our roles and responsibilities in regard to our customers, as well as employing our superb teamwork and organizational skills to support this.

Goals for Action

- Each and every one of us will think about the roles we can play in regard to our customers and fulfill those responsibilities properly
- With regard to problems that we cannot solve alone, we will use teamwork to resolve them
- We will constantly think about what is in the best interests of our customers and mobilize the necessary strength in order to resolve those issues

Dream and Challenge

We will be unstinting in our efforts to make the necessary preparations and improve our ability to gain an accurate understanding of the social environment and to respond to it; we will continue to resolutely take on the challenge of making the changes and reforms needed by our customers.

Goals for Action

- We will maintain a frontier spirit, with the aim of always going one step further
- We will strive to improve ourselves, constantly taking care to gather information and not neglecting our studies
- We will continually take on the challenge of doing what a bank should, with the best interests of our customers in mind
- We will seek to improve our skills, in order to ensure that all employees can provide comprehensive consulting

Public Trust

We will value the trust and peace of mind of our customers, listening to what they have to say and aiming to become a financial institution that is a well-loved partner, as well as being an institution that makes a contribution to society.

Goals for Action

- We will constantly respond proactively to customer feedback and opinions, and will continue to be a conscientious bank that is trusted by our customers
- We will continue to be proactive in disclosing information
- We will be highly praised for the soundness of our management
- The whole company will participate in activities aimed at making a contribution to society and will support such activities in all arenas
- We will strive to contribute to the local community, by such means as participating in local activities



4 Activities to Improve Customers' Financial Literacy

(1) Seminars on Measures Against Financial Fraud

In 2009, the number of incidents of remittance fraud that occurred across Japan declined compared with the previous year, but it continues to be a major social problem, with a total of approximately 9.6 billion yen being lost to fraudsters. At Sumitomo Trust branches too, there have been some cases in which employees were able to detect that something was wrong with the customer and after inquiry, they were able to prevent the occurrence of potential fraud. In light of these circumstances, we have considered how to enhance customers' financial literacy so that they can guard against financial fraud and decided to hold seminars on measures against financial fraud in collaboration with Rakugaku Seikatsu Kyokai, an NPO engaging in financial literacy education. Accordingly, between March 2009 and March 2010, we held a total of 13 Seminars on Measures Against Financial Fraud for the customers of 15 branches.

In light of the fact that scammers cunningly exploit human psychology, these seminars explained fraud techniques with a focus on psychological analysis on the assumption that anyone could be deceived. Among materials used in the seminars was an audio tape recording of actual conversations between a criminal and the intended victim.

We also asked local police to describe cases of fraud that had actually occurred in the local community. Participants were deeply involved at each seminar, and the question-and-answer exchanges were animated as well.



A scene from a Seminar on Measures Against Financial Fraud

(2) Workplace Experience as Financial Literacy Education for Future Generations

(a) Workplace Experience Program for Junior and Senior High-School Students

To provide junior and senior high-school students with an opportunity to learn about finance and reflect on the significance of work, Sumitomo Trust has introduced a workplace experience program. From fiscal year 2009, we have enhanced the curriculum and acceptance guidelines.

Based on this, in fiscal year 2009, the Retail Financial Services Business and the Fiduciary Services Business accepted a total of 71 students from five high schools, including Gunma Prefecture's Oze

High School. Some of the students said that they had not known that there were such jobs as money management and investment that go on in banks, that they were able to sense the employees' eagerness and attentiveness toward the customer, and that it was a valuable experience in helping them decide upon their career paths. Additionally, Sumitomo Trust employees got a fresh perspective on what it means to work through their interactions with the students.

(b) Spring Holiday Special Project:

Finance Workshop for Parents and Children

We are implementing activities that emphasize making a contribution through the provision of information and interaction with local residents. At the Aobadai consulting office, in March 2010, we held a "Finance Workshop for Parents and Children," aimed at local pupils about to enter their final year of elementary school or their first year of junior high school, and also their parents. Employees including the office director gave workshops on such matters as "Finance," "Exchanging business cards," "Note counting" and "A tour of the back of the ATMs and safe-deposit boxes." The participants enjoyed it, giving such feedback as, "It was good to be able to see behind the scenes at the bank, which we aren't normally able to see."



A scene from the spring holiday special project "Finance Workshop for Parents and Children"

5 Efforts for Customer Protection

(1) Efforts to Protect Our Customers' Personal Information

In recent years, the frequent incidence of customers' personal information being leaked has emerged as a social problem, highlighting the importance of appropriate information management more than ever. Protecting customers' personal information is essential to building a relationship of trust with them. Sumitomo Trust's Information Security Management Policy ("Information Security Policy") adopts regulations concerning the protection of personal information, requires the appointment of an "information management officer," and prescribes the rules concerning the collection, utilization, storage, and disposal of information. In April 2005, we announced our Declaration for the Protection of Personal Information, and we are accordingly developing the necessary institutional framework and making efforts to ensure appropriate protection and use of customer information. All employees are

required to take e-learning classes on information management. In addition, we ensure secure management of our information systems based on strict round-the-clock surveillance. In cases where we outsource information management, we require the outsource contractor to take appropriate measures for information protection, commensurate with the scale and nature of the outsourced management.

* Through such initiatives, Sumitomo Trust takes all possible measures to protect our customers' personal information, but we regret to advise that an incident did occur in June 2010, in which data concerning corporate pension customers was disclosed by mistake. We take this incident very seriously and an overview of the situation, our response and the measures taken to prevent recurrence are detailed on page 59 of this report.

(2) Appropriate Provision of Information to Customers

If financial institutions are to retain customers' trust amid the profusion of complex financial instruments, they need to ensure their understanding of such instruments by providing them with adequate and appropriate information. Our "Promise to Customers," which states Sumitomo Trust's policy for the solicitation and sales of financial instruments, is available for customers to see at branches and on its web site. We also make sure that the aforementioned actions are appropriately taken from the standpoint of customers by ensuring compliance with the suitability rule* and establishing the company's regulations through a manual for the provision of adequate explanations and others to customers as well as from the solid training given to our employees.

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

(3) Efforts to Safeguard Customers Against Financial Crimes

To safeguard customers against financial crimes, we have taken the following measures:

- Making available an IC ATM card service with a biometric authentication function.
- Introducing functions that enable PIN numbers to be changed at ATMs and the imposition of usage limits on ATM cards.
- Keeping surveillance on abnormal transactions.
- Holding seminars on measures against financial fraud (see page 31).

6 Basic Policy on Financial Facilitation and Outline of the System

In light of the enforcement of the Act concerning Temporary Measures to Facilitate Financing for Small and Medium-Sized Enterprises (SMEs), etc., we have established a management policy on facilitating financing to SMEs, and developed a related system.

Basic policy

When we receive applications for new borrowings or for alteration of conditions from clients, we will study them and respond promptly after examining individual cases in detail, conducting appropriate screening and, if necessary, closely cooperating with other financial institutions. We also intend to provide counsel to clients and deal with their complaints appropriately. When we have no choice but to decline an application, we will strive to provide an in-depth explanation in specific terms.

Outline of the system

In order to ensure appropriate management and operation system based on the Basic Policy, Sumitomo Trust has assigned officers in charge of the management of financial facilitation, as well as establishing a Financial Facilitation Promotion Office. The office is in charge of establishing various facilitation rules and keeping branch offices well informed about the rules.

Declaration for the Protection of Personal Information

1. Compliance with Laws and Regulations on Personal Information

Sumitomo Trust complies with laws and regulations as well as rules on personal information so as to ensure appropriate protection and use of such information.

2. Restrictions on Purpose of Use

Sumitomo Trust uses personal information provided by customers only to the extent necessary for its business activities and the intended purpose of use, and never uses this information for any other purpose.

3. Management of Personal Information

Sumitomo Trust strives to keep the personal information under its management accurate and up-to-date. It also takes the necessary and appropriate measures for safety management to prevent illegal access to, or destruction, alteration, or leakage of personal information under its management.

4. Handling of Personal Information

When outsourcing the handling of personal information, Sumitomo Trust carries out appropriate monitoring of the outsourced contractor, to ensure that personal information of its customers is managed safely.

5. Response to Customer Inquiries

Sumitomo Trust will quickly and appropriately respond to inquiries from customers about its management of personal information.

6. Provision of Information to Third Parties

In principle, Sumitomo Trust does not provide personal information to third parties without the consent of the customer concerned. However, this principle may not hold true in cases where the provision of information is deemed necessary for the benefit of the public interest in light of relevant laws and regulations.

7. Continual Review of Measures for Protection of Personal Information

Sumitomo Trust is continually improving its compliance program concerning the protection of personal information, periodically reviewing its method of managing personal information, and continually revising this declaration. For further details of the handling of personal information, such as matters concerning the disclosure of the purpose of its use, please see the section entitled, "The Handling of Personal Information on our Japanese website."

“With You” Activities—Social Contribution Activities—

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 prominent social contribution activities.



1 Five Major Themes of Activities that Contribute to Society

Sumitomo Trust plans and implements activities that contribute to society along five themes that are of particular interest to customers, namely, (1) the environment (including activities to support living beings), (2) successful aging*, (3) security (crime prevention and disaster prevention), (4) health, and (5) education. We also use these themes as starting points for designing new financial instruments and seek to gain a synergetic effect from the “With You” activities. Each branch seeks to build a relationship of trust with customers as a member of a community by conducting social activities that are rooted in the local communities and are suited to their specific circumstances and needs.

* Successful aging refers to leading a healthy life both physically and mentally in one's golden years.



2 “With You” Implementation Policy

In order to initiate “With You” activities that are specific to the local community, each Sumitomo Trust branch sets its own medium- and long-term themes based on its distinctive features, such as regional character and location, and implements activities along these lines each year. A special budget is allocated for the promotion of the “With You” activities, and branches that have tapped into budget funds are required to report the results and impact of the activities, and the response of customers to the Corporate Social Responsibility Office of the Corporate Planning Department. Based on these reports, the Corporate Social Responsibility Office periodically reviews the themes to be concentrated on in the next fiscal year and the ways of promoting these activities.

Every year, we also publish the “With You” booklet (Branch Social Contribution Activities Report) (picture on right), and display it in our branches to achieve communication with the local community. Through the “With You” activities, we aim to serve local communities as a bank with a “visible face.”





Environment

Participation in Kugenuma Beach Cleaning



In October 2009, the Fujisawa branch participated as the main sponsor in the Fujisawa Beach Cleaning Project organized by the local French school Soleil Provence to help clean up at Kugenuma Kaigan. More than 100 volun-

teers came that day, including 17 of our employees. A buffet party was held at a French teacher's house after the event, which helps strengthen ties with the local community. This project is an international event that is held twice a year (autumn and spring) throughout the world during the same period. This activity is not limited to a beach clean-up, as the collected garbage is categorized, recorded, and then used in the marine ecosystem environmental research work that is being carried out within Japan and overseas. The Fujisawa branch plans to participate in this activity in the future as well.

Mt. Fuji Clean-Up Program



The Shizuoka and Kofu branches held the annual "Mt. Fuji (Aokigahara Jukai) Clean-up Activity" in August 2009, with the number of participants totaling 94, including branch employees and their family members. There are concerns that the environment of beautiful Mt. Fuji, which symbolizes Japan, is being affected by the illegal dumping of trash. There have been instances of the withering of trees, wild animals getting injured by plastic string, and so forth. Since 2005, both the Shizuoka and Kofu branches have been involved in this clean-up activity in cooperation with the NPO Fujisan Club, with the aim of restoring the beauty of Mt. Fuji. This activity is also a valuable learning experience for the children who participate in it. There has been a considerable reduction in the dumping of large house-hold items, which were a common sight when this activity first started, and Sumitomo Trust feels a great sense of satisfaction for having contributed in some measure to the cleaning up of Mt. Fuji.

Creating Scenery in and around Asukaji Temple

Asuka village in Nara Prefecture has valuable historic sites from the Asuka Period, such as Asukaji Temple, and constitutes unique historic scenery, which is in harmony with the surrounding villages and rural landscape. However, degeneration of the natural environment and scenery has become a problem in recent years. Five Kinki region branches—the Abenobashi branch, the Nara-Saidaiji branch, the



Nanba branch, the Sakai branch and the Yao branch—have been undertaking tree thinning, underbrush cutting and other activities to maintain the scenery in and around Asukaji Temple since May 2008.

Company-Wide Promotion of the Ecocap Movement



Sumitomo Trust branches across Japan are promoting the recycling of various items, including the easy-open-ends of aluminum cans, postcards with writing errors, and postage stamps. In particular, all

branches take part in the "Ecocap Movement," which collects used plastic bottle caps and uses proceeds from their sale to pay for vaccinations for children in developing countries. Bottle cap collection boxes are set up at over 90 locations at bank branches and other sites across Japan. The Kawanishi branch, together with its customers, collected a total of 86,120 caps (sufficient to pay for vaccines for about 107.7 people) during the period from October 2008 to August 2010. This activity has recently been growing steadily, thanks to the cooperation of nearby sports gyms and day-care centers.

Activities to Support Living Beings

Sumitomo Trust conducts various activities to raise public awareness regarding biodiversity at its branches throughout Japan. Under the name "Activities to Support Living Beings," such activities include the breeding of endangered species, the holding of exhibitions, and the display of panels featuring photos and explanations. The aim is to address the importance of preserving biodiversity and raise public awareness in local communities on a wide scale.

Activities Directed Towards COP10



The Nagoya branch and the Nagoya Station branch are holding lectures, exhibiting photo panels, offering branch-sponsored seminars, and arranging exhibitions in branch lobbies for citizens in preparation for the

Tenth Conference of the Parties to the Convention on Biological Diversity (COP10), to be held in October 2010 in Nagoya. These activities proactively provide information on biodiversity to all our customers and the local community. In addition to providing seminar halls and lobby areas to the “Japan Civil Network for Convention on Biological Diversity,” which is a civic group, the branches have also provided assistance in grass-roots activities in support of COP10, including an event in October 2009, one year ahead of the actual event, and another event in July 2010, to mark the 100-day countdown (see page 13).

National Trust Movement Support Plan



The National Trust is a global movement aiming to preserve places of natural beauty and historic buildings by purchasing or receiving them as donations or bequests, thus ensuring that they can be passed on to future generations (see page 19). The Association of National Trusts in Japan raises awareness about this movement, and coordinates the activities of more than 50 groups working in Japan for this cause.

Since Ikebukuro is the base of this association, our Ikebukuro branch plans to provide information about the National Trust Movement and conduct activities to promote awareness throughout the year. As the first step of this activity, the branch has been holding large exhibitions, which include the display of panels and the showing of videos in its lobby since August 2010. The Toranomon consulting office and the Umeda branch have begun planning similar exhibitions.

Participation in the “Kigyo no Mori” (Corporate Forest) Project of Wakayama Prefecture



Under the “Kigyo no Mori” project, companies borrow forests from their owners at no cost, and take responsibility for their maintenance and preservation. Since fiscal year 2007, our Wakayama branch has participated in the Kigyo no Mori project promoted by Wakayama prefecture as a ten-year plan to grow and maintain “Shintakun’s Forest” (named after Sumitomo Trust’s corporate mascot). In fiscal year 2009, 53 people (employees and their family members) worked with the local forestry cooperative to cut underbrush for the second time. As part of this activity, the branch also held an exhibition in its lobby on global warming prevention.

Activities to Create Awareness for Protecting Endangered Species of Fish



The Yao branch (Osaka) is raising a local endangered fish, the Nippon Baratanago (rosy bitterling), in a fish tank in the branch’s show window, thereby raising public awareness of its need for protection. Inspired by this activity, the Kobe branch, the Sendai branch and the Aobadai consulting office are now working with local conservation groups to raise and display fish in their lobbies (Golden venus chub, Zenitanago and Yokohama killifish). Panels are also displayed, explaining their ecology.

Activities to Preserve Native Plants in Nearby Natural Parks



The Kitamoto Nature Observation Park in Saitama prefecture is designed to preserve the natural environment of this “country-side forest,” and is well maintained as a wildlife habitat. Since 2006, the Omiya branch has participated in volunteer activities to clear non-native plants and other activities to preserve the park’s indigenous plants. In 2009, the fourth year, volunteers from the Omiya branch worked on thinning the ginkgo trees planted in the park under the guidance of instructors, to make space for the planting of native trees, like Konara oak and Shirakashi (Japanese white oak).

Lobby Exhibit on Yatsu-Higata



Yatsu-Higata is a remaining tidal mud flat in the innermost part of Tokyo Bay of about 40 hectares. Various creatures like lugworms, crabs, fish and waterfowl inhabit this place, and it is registered under the Ramsar Convention. To give local people a sense of the biodiversity nearby, the Tsudanuma branch, together with the Narashino City Yatsu-Higata Nature Observation Center, exhibited photographs of the living beings observed in Yatsu-Higata, and their food chain. There were also photos documenting the history of the shrinking of the ocean and the tidal flat, a popular area for shellfish gathering since the Taisho Era, due to landfill since around 1970.

✦+ Successful Aging

Preview of the Movie "Love Letters at Sixty"



"Love Letters at Sixty" is a project that was launched by Sumitomo Trust on November 22, 2000, (11/22 sounds like "good husband & wife" in Japanese). This project invites couples to compose love letters addressed to their spouses (actually, messages on a postcard), aiming to help people fully enjoy their post-retirement years. Of the letters submitted, about 160 letters are selected each year for publication by Japan Broadcast Publishing Co., Ltd., with all the royalties from sales donated to the NHK Year-End Charity Drive and the NHK Overseas Charity Drive, and to the Japan Guide Dog Association. The movie inspired by this project was released nationwide in its 10th year, 2009.

The Senri Chuo branch has been regularly holding book readings of *Love Letters at Sixty* for the past two years, culminating their efforts with a preview of the movie in May 2009. The preview was attended by 550 people, and the movie was a hit. Some people were moved to tears, and others thanked us after the screening for inviting them. The experience was uplifting for our staff too.

Seminar on How to Make the Golden Years Comfortable



The Tokyo Business Department and Tokyo Chuo branch invited the Director Sumiko Nakamura of the Care Information Center/Senior Housing Information Center, to the Tokyo International Forum to provide senior citizens with information on nursing and retirement homes for enhanced peace-of-mind in their later years, and the points that must be considered in the selection of a retirement home, in a special seminar held in August 2010. Over 100 people attended the event.

Health

Promotion of the Pink Ribbon Campaign



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Sumitomo Trust has participated in the "Pink Ribbon Campaign," which seeks to raise public awareness of the importance of the early detection, diagnosis, and treatment of breast cancer since 2005. Our fundraising campaign, conducted from October to November 2009 as a part of our "Pink Ribbon Campaign Special Support Program," donated 2 million yen to the "Japan Fund for Breast Cancer" of the Japan Cancer Society. In fiscal year 2009, we created our very own pink ribbon badge to raise the awareness of our executives and employees.

The Umeda branch held exhibits in its lobby, and employees wore pink knitwear or neckties to promote the Pink Ribbon campaign. As part of its active participation, 50 employees joined in the Pink Ribbon Smile Walk event held in Kobe.

Seminar on Health Concerns



Sumitomo Trust in cooperation with local medical institutions provides useful information concerning health, an issue of strong interest for our customers. The Fukuoka branch invited Professor Naofumi Hayabuchi of the Kurume University School of Medicine in December 2009 to give a lecture on "Cancer Screening and the Latest Advances in Treatment." He explained about the PET scan which facilitates the early detection of cancer, and about ion beam therapy used in advanced medical treatments, as well as other standard examination procedures. The Kobe branch invited Dr. Yoshio Hishikawa, a leading authority on ion beam therapy who was the Director of the Hyogo Ion Beam Medical Center at that time, to provide a lecture on this mode of therapy, the latest information, its effects and costs in June and December 2006. Participants responded favorably, with comments like, "It was good to have the chance to hear a presentation by a leading expert."

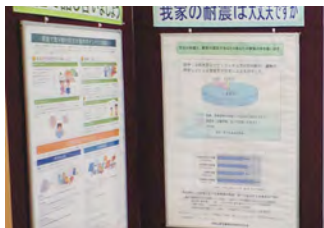
Security

Various Crime Prevention Activities



Sumitomo Trust branches across Japan cooperate with local communities to support crime prevention activities. The Matsuyama branch has been keeping a protective watch over children on their way to the adjoining elementary school twice a week since December 2006. The Hachioji branch is registered as a member of the local rescue organization for children against crime "Pipo-Kun-No-Ie" and provides a place where children can seek protection when they feel threatened. We are also continuing our seminars on financial fraud countermeasures, which began in March 2009 (see page 31).

Provision of Information on Earthquake Preparations



There is a strong possibility of a "Southeast Sea Earthquake" in Wakayama prefecture. During Disaster Prevention Month in September 2009, the Wakayama branch displayed the evacuation shelters prepared for a Southeast Sea Earthquake, earthquake-resistant panels, and tsunami information panels in its lobby to make people aware of the horror of a Southeast Sea Earthquake and the necessity of preparing against earthquakes. In addition, the Tachikawa consulting office is conducting seminars on "How to Deal with Earthquakes," the Kobe branch is participating in events like the Earthquake Memorial Walk conducted on the 15th anniversary of the Great Hanshin-Awaji Earthquake, and our other branches are also conducting various activities to promote the importance of preparing against earthquakes.

Education

Co-Sponsorship for Youth Soccer Tournament for Fifth Graders Residing in Tokyo



With the hope to foster healthy children through the sponsorship of a sports tournament, we have co-sponsored a soccer tournament since 2004 for fifth graders residing in Tokyo. The event is organized by the Tokyo Football Association, called the Sumitomo Trust Tokyo Cup Youth Soccer Tournament. In fiscal year 2009, roughly 13,000 fifth graders participated in 16-block preliminary games that

lasted for a month-and-a-half, starting in September. The surviving 48 contending teams fiercely contested in the finals that were held in November. To liven up the event, Sumitomo Trust displayed posters in the lobbies of its branches and provided gifts to all participants.

Sponsor Training to Foster Japan's Next Generation of Leaders



The J-Leader Program (headed by the chairman of Nippon Keidanren, Mr. Hiromasa Yonekura) is intended to foster the next generation of leaders who will support Japan's future and make a difference to the world. The school was founded in 2004, headed by local administrative chiefs and financial leaders. Sumitomo Trust agrees with its objective and has been co-sponsoring the training since its first year, and the Bank has also dispatched employees to serve as "class teachers" every year. In fiscal year 2009, the sixth year of the program, 180 senior high school students selected from across Japan participated in a two-week training camp in Munakata City, Fukuoka prefecture, and learned about philosophy, critical thinking, and liberal arts and other matters that the next generation of leaders need to know from lecturers with outstanding achievements in various fields. They then deepened their understanding through discussions. We have also sent our employees to job placement seminars held in December 2009 to advise job-seeking graduates of this program on the significance of work and the proper attitude for joining the workforce and becoming a full-fledged member of society.

Joint Activities on the Theme of Environment with Local College Students



Since 2006, our Shanghai branch has been performing CSR activities on the theme of "Education" to support the education of children of workers forced to lead a life of poverty (rural migrants). In fiscal year 2009, this branch engaged in joint activities with the students of the city's famous East China Normal University to raise awareness concerning the environment, which has also become a major social problem in China in recent years. They conducted debates, held eco-friendly bag designing contests, and undertook a clean-up campaign within the university, and wrote messages as a group to commemorate the event.

3

Better Human Resources Management

To pursue sustainable growth in our dramatically changing and increasingly complex world, we need to nurture diverse human resources who can respond flexibly to changes in the business environment. Sumitomo Trust respects each person's individuality and human rights and is creating a work environment that encourages self-realization and growth, so that human resources with advanced expertise and diverse creativity can freely demonstrate their abilities.

2009

2010

Plans

- To further expand and establish measures for realizing the right work-life balance.
- To expand our training programs in order to nurture human resources with advanced expertise and diverse creativity.
- To promote the establishment of a working environment where female employees can play a larger role.

Achievements

- Held "Family Visit Day" in major office buildings and branches in Japan.
- • Held "Teamwork Training" aiming at enhanced teamwork and cooperation via shared values and goals.
- • Built training system for young employees, to enhance fundamental training.
- Launched women managers network.

Plans

- To continually expand and establish measures for realizing the right work-life balance.
- To implement rotation and training to foster human resources with "broad vision" and "self-contained ability."
- To promote policies which support expansion of female employees' roles and diverse ways of working.



Mr. Kazuo Ichijo

Professor
Graduate School of International Corporate Strategy
Hitotsubashi University

Comment from Stakeholder

“I would like Sumitomo Trust to become a global knowledge creation company.”

I serve as lecturer for Sumitomo Trust's “Strategic Leadership (SL) Training Program,” which primarily targets employees at the Section Manager level, and the “Business Leader (BL) Training Program,” which is mainly for General Managers.

There are few examples of Japanese financial institutions providing this kind of training. I believe that Sumitomo Trust can develop such a highly regarded human resource development program because it provides trust products which require creativity. These programs aim to foster strategic thinking, based on the two pillars of case studies and “action learning.” This is the ninth year since these programs began. Initially, program participants were drawing comparisons with the strategies of other banks. However, gradually they started to think from the perspective of clients, who were becoming increasingly global. I feel they have begun to apply strategic thinking in the pursuit of their own path, which is different from other banks.

I would like Sumitomo Trust to become a “global knowledge creation company” which can solve important global issues.

! Main Policies

Basic Guidelines for Human Rights Education

We shall promote “human rights education activities” at Sumitomo Trust, based on positioning CSR activities as “a mandatory responsibility” and “a responsibility that should be fulfilled through more active efforts” as a corporation. These activities are required by Sumitomo Trust's Ethics Charter and Social Activity Charter, which serve as conduct guidelines for executives and employees.

[Basic Policy]

Human rights education aims to instill in the corporate culture the awareness that respect for human rights is fundamental to all business activities.

To this end,

1. In order to learn about the importance of human rights, we shall study various types of discrimination, including discrimination against the Buraku minorities, women and the disabled, and have each executive and employee consider discrimination-related issues.
2. We shall support the conduct of executives and employees who strive to correctly understand and recognize various forms of discrimination, raise awareness in order to respect human rights, and enhance their own characters.
3. We shall work to foster a greater willingness among executives and employees to accept differences and support a mutually respectful coexistence, with the aim of achieving a harmonious coexistence between Sumitomo Trust and its customers, as well as with other members of society, and proactively promoting conduct which “contributes to the creation of a corporate environment that shows respect for human rights.”

Employees and Sumitomo Trust

Human resources are the most valuable resource for financial institutions. We endeavor to educate our employees in human rights so that their individualities are respected and will not be subjected to discrimination because of their age, gender, nationality, etc. We also promote the recruitment and support of female staff, a personnel training program, and the creation of a working environment that enables a healthy work-life balance. We thereby nurture human resources in such a way that they may contribute not only to the development of our company, but also to the sustainable development of society as a whole.

1 Measures to Educate Employees in Human Rights

(1) Human Rights Education

Centered on the Human Rights Education Committee, which is chaired by our 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 session is designed to improve both the knowledge and awareness of human rights issues.

During fiscal year 2009, we have endeavored to work on discrimination problems with an emphasis on the Dowa (Buraku minorities) problem. There are many changes currently taking place in regard to human rights, both in Japan and abroad, such as moves towards the establishment of an act concerning the relief of human rights infringement and various government regulations relating to human rights, the potential participation of foreign residents in regional elections, and the changeover to “resident cards.” In order to foster an understanding and awareness of these changes and incidents of discrimination, and instill the notion that we are required to demonstrate respect for human rights in every aspect of our activities, we have implemented the following human rights education activities.

Sumitomo Trust Human Rights Education Committee

Chair	Hitoshi Tsunekage President and CEO
Vice-Chairs	Shuichi Kusakawa Managing Executive Officer Toshio Masui General Manager, Personnel Department
Secretariat	Masaru Seki Associate General Manager, Personnel Department Toshiki Mikamura Deputy General Manager, Personnel Team, Headquarters of General Affairs Department (Stationed in Osaka)
Branch and department	General Managers of each branch and department
Human Rights Education Committee Members	Personnel representatives in all branches and departments, both in Japan and overseas, appointed by Personnel Department

(a) Training for All Employees Workplace-Based Training

Sumitomo Trust commemorated the 30th anniversary of the establishment of the Industrial Federation for Human Rights, Tokyo, of which it is a member, with lectures based on the theme: “Understanding Recent Discrimination Problems.” In order to ensure that our employees do not hold prejudiced or discriminatory views, we sought to give them a deeper understanding of the history of discrimination issues and current discrimination incidents, including the “Buraku Chimei Soka Incident,” which led to an increased commitment to dealing with human rights issues. (Number of employees participating in these sessions: 6,543).

Self-Awareness Tools

With the aim of deepening our employees’ interest in and understanding of human rights issues, our Human Rights Education Committee Secretariat continues to communicate with the Human Rights Education Committee members in each branch and department at least once a month, distributing the “Awareness Tool” on themes such as the importance of greetings, the prevention of net-based slander, and care for the elderly, people with disabilities, children of foreigners, family, life in society, etc. Furthermore, the Committee Secretariat edits a monthly television guide, which is issued by the Industrial Federation for Human Rights, Tokyo’s information network, for use within Sumitomo Trust and distributed each month to the Human Rights Education Committee. These tools and guides are then forwarded by the Human Rights Education Committee to all our employees, including temporary staff, by e-mail to raise awareness of human rights issues.

(b) Training for Different Management Levels

We have implemented training for our new employees that fosters a common understanding of selected subjects such as the Dowa problem, issues for foreign residents, and other themes, in order to facilitate an understanding of the relationship between companies and human rights. (Number of employees participating in these sessions: 253)

We have provided training for the Human Rights Education Committee members, which increases their understanding of the importance of learning from the “Buraku Chimei Soka Incident,” and an awareness of their roles and responsibilities of the members of the Human Rights Education Committee and company managers, from a human rights perspective. (Number of employees participating in these sessions: 164, of whom 21 were newly appointed)

In addition, we invited Mr. Seisuke Fujisawa, Director of the Higashi Nihon Buraku Freedom Institute, to address our branch and department managers, in order to facilitate a deeper understanding and awareness of the recent issues faced by Buraku minorities, and to learn from the history of Buraku minority discrimination problems. (Number of employees participating in this session: 127)

(c) Training for Affiliated Companies

We implemented workplace-based training on the same theme as that undertaken within our group companies ("Understanding Recent Discrimination Problems") for all our affiliates (26 companies, 6,096 employees). We also distributed the "Awareness Tool" and the monthly television guide was circulated within Sumitomo Trust to each of our affiliates once a month. We ensured that these were distributed to all employees by a Human Rights Education Committee representative to raise awareness of human rights issues.

(d) Constitution Week/Human Rights Week Measures

In addition to the above measures, we participated in lectures held in various regions to commemorate Constitution Week, and as part of our Human Rights Week activities, we invited submissions of "Human Rights Catch Phrases," with awards for the best suggestions. We also participated in various projects implemented by human rights organizations and the government in order to maintain and improve awareness of human rights issues.

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

(2) Sexual Harassment and Power Harassment

Sexual harassment and power harassment are prohibited. Such behavior can both damage the character of an individual, and

infringe upon his or her human rights.

In particular, we have banned the following behaviors that relate to sexual harassment in the workplace.

1. Sexualized jokes, teasing, and questions
2. Viewing, distribution, or display of indecent images
3. Unnecessary physical contact
4. Coercive contact or sexual relations
5. Any other form of sexual expression that causes discomfort to either the recipient or other employees

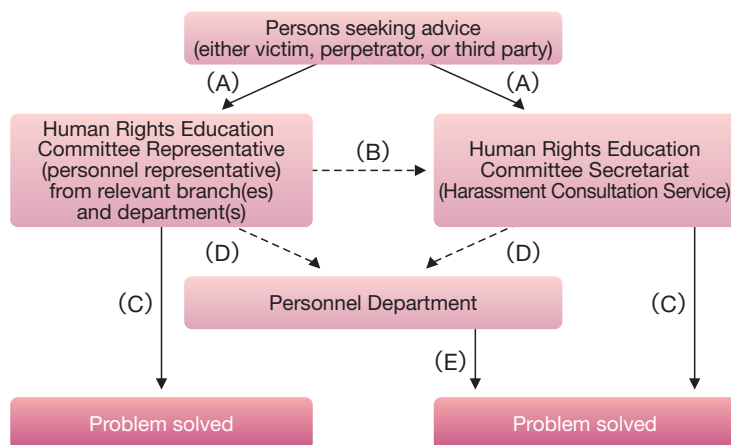
In case that harassment occurs, an overall decision will be reached regarding the specific behavior indicated, the relationship of the people involved, the response of the victim, etc., and either stringent corrective measures or punishment or both will be implemented in regard to any person considered to have engaged in harassment.

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

Harassment Consultation Service

The Harassment Consultation Service has been set up within the Human Rights Education Committee Secretariat in the Personnel Department, in order to be a contact point for advice and registering complaints regarding harassment and similar issues, and also to provide a response to such complaints. Advice regarding harassment can be provided via the Human Rights Education Committee representative in each branch and department, or employees may go directly to the Harassment Consultation Service within the Personnel Department. It is also possible to get advice here on whether a particular case actually constitutes harassment or not.

Structure for Advice/Complaints and Response relating to Harassment



(A) Advice is sought or registration of a complaint is made either via the Human Rights Education Committee representative in each branch and department, or directly at the Harassment Consultation Service within the Human Rights Education Committee Secretariat.

(B) The Human Rights Education Committee representative in each branch and department will, where necessary, consult the Harassment Consultation Service within the Human Rights Education Committee Secretariat, and request advice or a response.

(C) The Human Rights Education Committee representative or the Harassment Consultation Service within the Human Rights Education Committee Secretariat will, once they understand the details of the complaint being registered by the complainant, interview the party accused of harassment, as well as other related parties, in order to accurately understand the situation, and attempt to solve the issue via advice, etc.

(D) If the Human Rights Education Committee representative or the Harassment Consultation Service within the Human Rights Education Committee Secretariat consider that a personnel response is required, they will consult with the Personnel Department and request that action be taken.

(E) Based on the request from the Human Rights Education Committee representative or the Harassment Consultation Service within the Human Rights Education Committee Secretariat, the Personnel Department will, where it considers it necessary, take over dealing with the harassment case, and work towards a swift and appropriate conclusion through the reassigning of related parties, or other measures, based on employment regulations.

2 Creating a Workplace Where Employees with Diverse Backgrounds can Work

(1) Appointing and Supporting Women

Sumitomo Trust is aiming to become “a company in which all our employees can realize their ability and individuality regardless of their gender” by ensuring that decisions about managerial promotions are strictly based on merit. In particular, we proactively appoint female employees to the position of Section Manager or above, and as a mechanism to share and solve management concerns and issues of appointed women, we created an in-house network focused on female Section Managers. As part of this, the First Female Section Managers Information Exchange Meeting was held in the Tokyo area in February 2010, and in the Kinki region in June 2010. We are also considering providing training which aims to foster Section Manager candidates. As of March 31, 2010, women comprised 50% of Sumitomo Trust employees, with 105 female managers (including 3 branch and department managers).

Moreover, from the standpoint of supporting the balance between workplace and home, we are promoting the development of a variety of systems and a 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, childcare, and nursing care.

(2) Employment of Disabled Persons

Sumitomo Trust's employed disabled persons ratio was 2.04% as of June 1, 2010, achieving the statutory employment rate (1.8%). The average ratio for fiscal year 2009 overall was 1.99%, also above the statutory employment rate.

Employed Disabled Persons Ratios

	June 1, 2008	June 1, 2009	June 1, 2010
Employed disabled persons ratio	1.83%	1.99%	2.04%

(3) Re-Employment of the Elderly

Sumitomo Trust and its Group Companies have introduced an “Elder Partner Employment Program” that rehires the retirement-age retirees meeting certain criteria, until they reach the age of sixty-five years.

People Re-Employed in the “Elder Partner Employment Program”

	March 31, 2008	March 31, 2009	March 31, 2010
Re-employed people	109	139	165

(4) Employment of Foreigners

To respond to rapid globalization, Sumitomo Trust is fostering global human resources and employing foreigners. We employed 22 foreigners as of July 1, 2010.

Foreigner Employment Status

	2007	2008	2009	2010
Joined Sumitomo Trust	5	6	1	1

Employee Breakdown

	March 31, 2008	March 31, 2009	March 31, 2010
Total employees	5,869	6,049	6,104
Male	2,993	3,056	3,065
Female	2,876	2,993	3,039
Average age	38 yrs., 6 mos.	38 yrs., 7 mos.	38 yrs., 9 mos.
Male	40 yrs., 11 mos.	41 yrs., 1 mo.	41 yrs., 3 mos.
Female	35 yrs., 10 mos.	36 yrs., 0 mos.	36 yrs., 2 mos.
Average service years at Company	10 yrs., 10 mos.	10 yrs., 11 mos.	11 yrs., 3 mos.
Male	12 yrs., 5 mos.	12 yrs., 8 mos.	12 yrs., 11 mos.
Female	9 yrs., 1 mo.	9 yrs., 2 mos.	9 yrs., 6 mos.
Average monthly pay	¥438,000	¥429,000	¥423,000
Male	¥547,000	¥534,000	¥521,000
Female	¥316,000	¥313,000	¥316,000

Notes: 1. Figures for the average age, average service years and average monthly pay are rounded down to their respective units.
2. Employee numbers do not include temporary employees nor contract employees.
3. Employee numbers include overseas local hires.

Comment

Comment from the Officer in Charge of Promoting the Expansion of Female Roles in the Workplace



HARUMI SASA
Personnel Department,
Human Resource
Development Team
Manager

We are working to enhance our system focused on supporting the balance between workplace and home, and developing an environment which is easy to work in, expanding the fields where we can utilize women's abilities.

We want more and more women to face the challenges of serving in fields where they can energetically keep working in their own style.

We are also putting effort into supporting the mental aspect, such as providing a network where they can share concerns and experience. We want to back up women who “want to step up.”

3 Measures to Support Employee Career Formation

(1) Recruitment and Hiring

The recruitment section of our website has been cleverly designed to allow visitors to gain an introduction to the characteristics of our personnel system and the business divisions of Sumitomo Trust. The website features items such as employee interviews, so that visitors can get a realistic idea of our business and employee life.

More than 50,000 recent graduates applied via the website during the 2010 recruitment period, and the number of entries continues to increase every year.

Sumitomo Trust also offers an internship program for students. In fiscal year 2009, 444 undergraduate and graduate students participated in various unique business programs, enabling them to experience first-hand the realities of working in a trust bank.

	FY2008	FY2009	FY2010
New graduates hired	258	273	253
Males	95	100	90
Females	163	173	163

(2) Human Resource Deployment Assignment

(a) Career Path Selection

Since October 2003, Sumitomo Trust has been following a new career system, whereby individual employees can flexibly choose their career path from a choice of P-, D- or E- career types, in accordance with their own initiative and commitment.

(b) Work Group System

This system is common to all career paths, which consist of five work groups, and employees are placed into a specific group based upon their demonstrated capabilities. By adopting this system, we encourage fair competition based on ability, rather than age or gender.

(c) 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, conducted twice a year, applicants can apply directly to the Personnel Department. If applicants pass the screening, they are able to transfer to their desired position or division. In fiscal year 2009, over 50 employees made use of this system.

(3) Personal Evaluation System

Sumitomo Trust introduced a personal evaluation system in 1997 that enables individual employees to participate in the evaluation process, as we strive to become “a company that respects individuals and continues to transform itself.” This personal evaluation system is a training process where employees set tasks that they will attempt to tackle at the beginning of the term, and then meet with their supervisor to discuss whether or not they achieved these goals, and receive feedback.

■ 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 market place.
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's 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.

4 Measures to Support Employees in Improving Their Skills

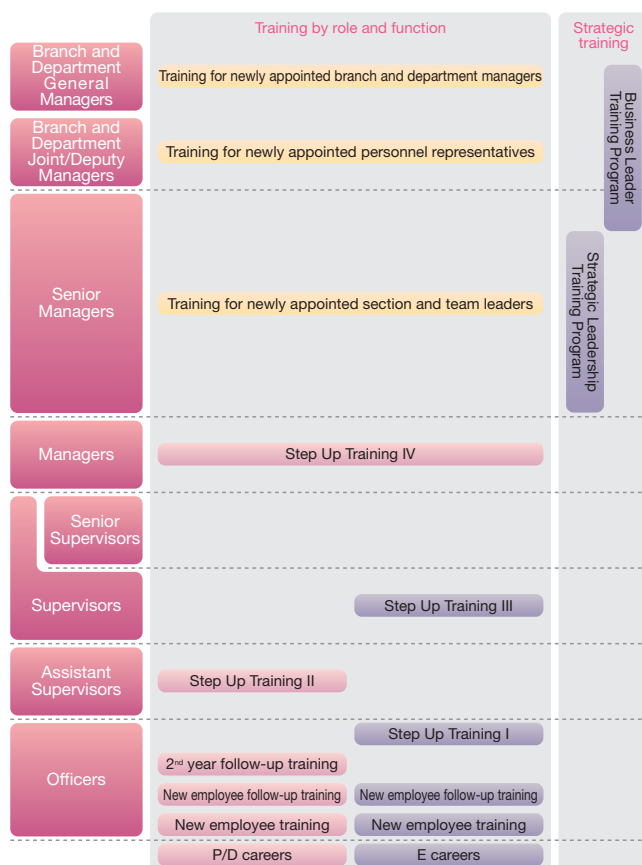
(1) Implementation of Training in Line with Level of Responsibility

While employee training and skills development is generally provided on an OJT* basis, group training is also provided in conjunction with the objective of improving employees' operational skills and management abilities, and opportunities for self-development are in place to encourage employees to keep improving their skills. For example, we provide management training for branch managers and manager-class employees, and training for young and mid-level employees, in which they are expected to make improvements that are appropriate to their respective roles.

Furthermore, in order to strategically train leaders for the next generation, and develop leadership potential, we operate Strategic Leadership (SL) and Business Leader (BL) Training Programs. Through attending lectures and interacting with people who work in different areas, we aim to ensure that participants become equipped with the necessary skills for leaders, such as leadership, the ability to promote activity, innovation, and communication skills.

* Abbreviation of "On-the-Job-Training": OJT is a process where workplace supervisors and senior employees teach subordinates the necessary knowledge, skills, and jobs via their daily tasks.

Personnel Department Education and Training Line-Up



(2) In-House Training Programs with Rich and Diverse Curricula

Sumitomo Trust also provides many learning opportunities, with approximately fifty study courses in the company, in addition to our "Retail Open Academy," "Sumishin Real Estate University," etc. Furthermore, in terms of self-development, we guide our employees to broaden their range of professional opportunities by raising their fundamental skills such as attaining qualifications outside the company and improving their English.

(3) Rotations that Allow a Rich and Diverse Experience of Different Aspects of Work

Sumitomo Trust provides training and guidance for employees who are in the process of moving from entry-level to middle-rank positions, in order to broaden their vision and increase their level of specialization through various types of business-related experience gained by rotating duties.

It is through such programs that we aim to nurture human resources with advanced expertise and diverse creativity.

(4) Human Resources Development that Promotes CSR

(a) Internships

Sumitomo Trust offers student internships with a focus on CSR. In fiscal year 2009, we held two internship sessions both in Tokyo and Osaka in which a total of 113 students participated. Participants were presented with actual business issues such as "Sales Promotion of SRI Funds" and were split into teams for active discussions; afterwards, they presented what they had discussed.

(b) "Rookie Training," etc.

CSR at Sumitomo Trust is incorporated in the "Rookie Training" curriculum and we give lectures on our company's basic CSR philosophy as well as the significance of our efforts.

(c) Environmental Education through e-Learning

Our Tokyo Headquarters Building, the Fuchu Building and the Senri Building have all obtained ISO 14001 certification. As part of the accreditation process, all employees in these buildings are required to participate in e-learning environmental education, which enables them to learn the latest information on conserving biodiversity and other related issues.

(d) Self-Development

Sumitomo Trust has introduced an employee self-development program that actively encourages them to attain qualifications outside the company. In April 2009, the Certificate Test for Environmental Specialists ("Eco Test"), was added to this program.

(5) Implementation of Teamwork Training

Sumitomo Trust implements “teamwork training” in all sections and teams of all branches and departments in Japan, to allow employees to share their perspectives and goals, and to improve teamwork and partnerships. This training involves the participation of all members of sections or teams, and asks them to outline their vision (where they would like to be in three years’ time). The teams then have to create an action plan that describes how they will realize that vision. This improves employees’ sense of ownership of the organization and of their work, as well as promoting teamwork as the members come together and combine their skills to work towards a common goal. The training is intended to enhance the effectiveness of teams.

5 Promoting a More Employee-Friendly Workplace Environment

(1) Measures to Promote the Realization of a Healthy 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 illness or accidents, and support in many other ways. In particular, with the enactment of the Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave in June 2010, we have further enhanced our child-care and nursing care-related systems.

Specifically, in regard to childbirth and child-care, we offer maternity leave until the child is two years old, and alongside that, offer paternity leave, up to 10 days per year of extra leave to look after a sick child. We also offer a system of shorter working hours to employees raising children, until the end of April in the year in which their child enters the third grade of elementary school, the freedom not to work overtime or at night, and flexible hours. Such measures give employees the peace of mind to rear their children. During fiscal year 2009, 111 employees took child-care leave and 75 worked shortened or flexible hours.

Moreover, for employees with family members who require nursing care, we offer up to 10 days of nursing care leave, and a nursing care leave system that provides up to one year’s leave and a shortened workday system.

In addition, we held “Family Visit Day” once again in 2009, after the success of the event in 2008. Our Tokyo Headquarters, the Kitahama and Fuchu offices, as well as branches throughout Japan, were visited by a total of over 300 family members of employees. In these ways, we are supporting the realization of work-life balance by deepening the bond and communication between family members and through the fostering of work ethics for children who will be leading the next generation.

Acquisition of “Kurumin Mark”

Based on Article 13 of the “Act on Advancement of Measures to Support Raising Next-Generation Children,” Sumitomo Trust has been accredited, through the attainment of certain performance targets, as a “Business that has attained the criteria” required for the attainment of the “Childrearing Support Approved Business Mark” (also known as the “Kurumin Mark”).



(2) Improving the Workplace Environment

Sumitomo Trust is conducting a broad range of initiatives to improve the workplace environment with the aim of safeguarding the wholesome lives of its employees and families.

We began specific operations concerning workplace environment improvement from April 2006, and we have proceeded to reduce the level of overtime work by carrying out thorough work efficiency and time management measures. In addition, we have attempted to minimize the total working hours by encouraging employees to take long holidays and by conducting promotions such as “Go-Home-Early” month and “Leave-the-Office-on-Time” week.

(3) Employee-Health Management System

In an effort to help our employees manage and improve their health, we have appointed health managers and medical and sanitation supervisors (sanitation promoters) at each of our business locations to provide detailed 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 to enable them to receive comprehensive physical examinations at facilities through the Sumitomo Trust Health Insurance Association.

To provide our employees with further health management assistance, we offer mental health counseling sessions at affiliated clinics, and the Sumitomo Trust Health Insurance Association also provides free health advice to employees by telephone. In addition, we have activities such as training for managers to raise their awareness at recognizing the importance of employee health management.



Family Visit Day

4

Cost Management and Cost Reduction

A company's business activities inevitably create environmental burdens. To achieve a sustainable society, each company must be aware of and work to reduce the environmental burdens generated by its series of business activities. Sumitomo Trust is working to reduce the environmental burdens generated in its daily operations, while working on cost management and resulting cost reductions in those processes.

2009

2010

Plans

- To implement an environmental management system concept that encompasses all Sumitomo Trust branches.
- To prepare a long-term company-wide energy plan and drastically revise energy conservation strategies for our major business offices.
- To consider whether to participate in carbon emissions trading in the domestic integrated market.
- To promote resource conservation from the viewpoint of operational efficiency.

Achievements

- Promoted the creation of a company-wide energy management system.
- Introduced ESCO in the Fuchu Building.
- Due to the decision on management integration with Chuo Mitsui Trust Holdings, temporarily postponed our creation of the long-term plan and participation in the domestic integrated market.
- Introduced environmental management accounting and strengthened initiatives of five priority departments, thereby promoting operational efficiency and resource conservation at the same time.

Plans

- To also promote initiatives unrelated to energy on a company-wide level.
- To begin creating a long-term energy plan which takes into account our management integration with Chuo Mitsui Trust Holdings.
- To increase the number of "priority departments implementing cost-reduction initiatives."
- To promote cost reductions via our environmental management system.



Mr. Kiyoshi Fukuwatari

General Manager & Executive Research Officer
Research & Development
SOMPO JAPAN RISK MANAGEMENT, INC.

Comment from Stakeholder

“I value Sumitomo Trust’s environmental management system, which is aligned with its business strategies.”

I attended the internal audit conducted by the ISO Secretariat in July 2010, and learned about Sumitomo Trust’s progress regarding its environmental management system.

Sumitomo Trust has built an environmental management system that is closely aligned with its business plans. It has been developing cutting-edge environmental products focused on biodiversity, and has succeeded in reducing the environmental burden. The Secretariat communicates closely with Sumitomo Trust’s 90 departments to have all employees steadily reduce paper use, and it is aggressively investing management resources in ESCO systems and other means for improving energy conservation and realizing the implementation of other environment-related policies.

I hope that through dialogue with various stakeholders, Sumitomo Trust will continue over the medium and long term to have all employees work to achieve business process innovations, enhance the quality of operations, raise productivity, and reduce the environmental burden.

! Main Policies

Environmental Policy

- We will strive to reduce environmental risks and enhance environmental value for the society as a whole by providing financial products and services that contribute to the preservation of the global environment and the realization of a sustainable society.
- 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 the laws, regulations, rules and agreements concerning the preservation of the environment.
- We will strive to ensure the 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 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.

July 30, 2008
Hitoshi Tsunekage
President and CEO

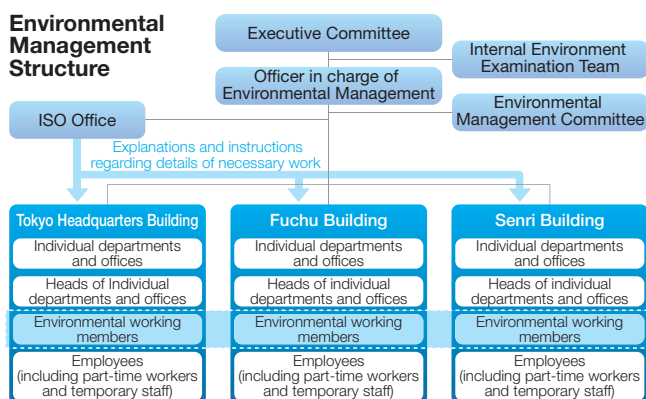
Cost Management and Cost Reductions through Environmental Consciousness

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

1 Strengthening Our Environmental Management Structure through the Introduction of ISO 14001

(1) Environmental Management Structure

In March 2009, our Tokyo Headquarters Building, the Fuchu Building, and the Senri Building obtained ISO 14001 certification, the international standard for environmental management systems. By coordinating the processes of our main business with environmental management, and incorporating environment-related efforts into our management strategies, we have been able to move forward with more effective measures.



(2) Operating Conditions of the Environmental Management System

Sumitomo Trust conducts internal auditing to verify whether the environmental management system is being carried out effectively and efficiently. We team up internal auditors from our company with external specialists (Sampo Japan Risk Management, Inc.) to examine our operations of the system from a third-party perspective. We then report the team's findings to the management and use the information to help foster further improvements.

In the internal audit of our environmental management system conducted in July 2010, the system's approach toward a sustainable model that unifies business and profits received high marks. The innovation shown in such efforts as the campaign at Sumitomo Trust headquarters (South Building) to reduce paper usage, which concentrated on implementing separate measures in the five departments that use the most paper, was also praised as a factor contributing to Sumitomo Trust's significant progress. Hereafter, as we proceed with the management integration with the Chuo Mitsui Trust Group, we will address waste associated with the merger from an environmental perspective,

and carry out improvement measures both through impact assessments of the environmental management system and our plan of action accordingly.

2 Environmental Burden Generated by Business Activities

(1) Major Activities and Targets

We strive to be conscientious of the resource consumption, waste emissions, and the other environmental impacts of our business activities, as well as to work toward achieving environmental preservation and a sustainable society by engaging in energy conservation, resource conservation, and resource recycling efforts. As such, we set specific environmental targets and conduct regular reviews to reflect on and implement continuous improvements.

Major Activities and Targets

Activities	Targets	
Paper consumption	(FY 2009) 3% Reduction	(FY 2010) 5% Reduction
Electricity consumption	(FY 2009) 1% Reduction	(FY 2010) 2% Reduction
Waste discharge	(FY 2009) 2% Reduction	(FY 2010) 3% Reduction
Environment-conscious "Green procurement"	90%	90%
Expansion of sales of environment-related financial products		
Environment-conscious activities in offices		

* Figures for paper, electricity, and waste represent a comparison with FY2008 (except in the case of electricity for the Fuchu Building and Senri Building; the basis for comparison was FY 2007)

Findings from External Auditors

Findings (positive assessments)	Company shows continuous improvements that incorporate the development and dissemination of CSR-related products into management goals, facilitate the heightened effectiveness of overall efforts, and strengthen governance. Approaches environmental management not just as a concept, but as an actual management system to be implemented with the goal of creating a sustainable model that unifies business and profits (i.e. "a sustainable bank").
	In the campaign at the company's headquarters (South Building) to reduce paper usage, the company did not just pursue reduction uniformly in all departments, but concentrated on implementing separate measures in the five departments that use the most paper. Thus the company's innovation has led to a substantial improvement.
	In terms of the application of nonconformity rules to unmet targets, by strictly enforcing the rules, the company has increased its adherence to achieving goals across various departments.
	In order to boost employee awareness, the company actively engages in educational activities, providing specialized education for working members in addition to the general education e-learning course it offers twice a year.
Opportunities for Improvement	With regard to the future merger, we hope that the company follows through with its intention to "address waste associated with the merger from an environmental perspective," and carry out improvement measures both through impact assessments of the environmental management system and a plan of action.

(2) Environmental Performance

Since fiscal year 2003, primarily at our three major business offices, Sumitomo Trust has been engaged in the 3Rs (Reduce, Reuse, Recycle) initiative with the objective of reducing both our input of resources and the burden (output) that we place on the environment. In 2009, the volume of CO₂ emissions produced by our three major business offices was 19,800 tons, 3.6% less than that of the year before. As far as paper usage, we managed to cut the amount by a dramatic 13.4%. This was accomplished by compiling data about the status of the inventory, deliveries, and order placement for pamphlets used in our business operations, and rethinking basic stock and order placement figures. We also devised separate, department-specific measures for each of the departments that

showed a particularly high volume of paper consumption. Waste emissions dropped by 6.1%, and once again we achieved a recycling rate of 100%. The dining hall of the Fuchu Building has replaced its disposable chopsticks with lacquered ones. The volume of other types of waste discarded by our company also decreased by 9.6%, and by recycling garbage such as kitchen waste into animal feed and fertilizer, we were able to increase our recycling ratio by 23.1%. The amount of electricity and water consumed by our company dropped by 5.2% and 1.4% respectively. Gas consumption increased by 9.5%, and gasoline consumption levels remained roughly the same.

In the future, through the intensive promotion and management by the Secretariat, we aspire to eliminate discrepancies among activities carried out in our various departments and improve our environmental performance on a company-wide scale.

Environmental Performance

Input	FY 2007	FY 2008	FY 2009	Change (% , YoY)
Electricity use (MWh)	37,700	38,900	36,900	-5.2%
Gas use (km ³)*1	912	955	1,005	+9.5%
Gasoline use (kℓ)	600	615	616	+0.1%
Water use (km ³)	103	76	72	-1.4%
Paper consumption (t)*2	506	612	531	-13.4%
Recycled paper (t)	302	409	332	-18.9%
Output	FY 2007	FY 2008	FY 2009	Change (% , YoY)
CO ₂ emissions (t)*3	17,700	20,500	19,800	-3.6%
Paper disposal (t)	899	630	592	-6.1%
Recycled amount (t)	899	630	592	-6.1%
(% of total)	100%	100%	100%	±0points
Other waste disposal (t)	207	195	176	-9.6%
Recycled amount (t)	49	115	144	+25.9%
(% of total)	23.8%	58.8%	81.8%	+23.1points

• Survey scope:

Tokyo Headquarters Building, Fuchu Building, and Senri Building. Fiscal year 2007 data (before Tokyo Headquarters moved) includes data from the Marunouchi Building and Aoyama Building.

• Survey period:

April 1, 2009, to March 31, 2010

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

*2. Includes paper used for copiers and computer printers.

*3. Chart uses the actual emission factor. Amounts from previous years have also been recalculated.

3 Countermeasures against Global Warming

(1) Promoting Company-Wide Energy Management

The amendment of the Energy Conservation Act, which came into effect in April 2009, presented an opportunity for Sumitomo Trust to introduce a system to promote company-wide energy management and CO₂ emissions management. Previously, it had been difficult to measure our energy consumption since our headquarters and many of our branches are located in buildings that we do not own. However, receiving cooperation from building owners and other means enabled us to begin collecting this data at all locations starting in April 2009.

Furthermore, since 73% of all of the energy consumed by Sumitomo Trust is used up by the three major business offices that obtained ISO 14001 certification, we will drastically revise our energy saving strategies at those buildings. At the same time, we will continue to move forward with our long-term energy plan for the entire company.



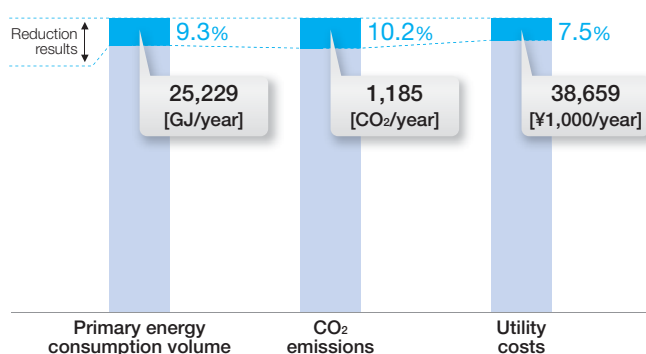
Energy management system using the @Energy website

(2) Responding to Metropolitan Tokyo's Total CO₂ Emission Reduction Obligation

Starting in April 2010, Metropolitan Tokyo put into force an amended environmental protection regulation which imposes total CO₂ emission reduction obligations on business locations using over a certain amount of energy.

As a business location subject to this reduction obligation, Sumitomo Trust's Fuchu Building was identified as a "Specified Global Warming Countermeasure Business Location." As a result of obtaining verification from a third-party institution, the baseline emissions of our Fuchu Building are 11,570 tons of CO₂, which is the baseline for our reductions. Over the five years from 2010 to 2014, it is obligated to achieve an 8% reduction in principle.

FY2009 Energy Conservation Results from ESCO Introduction



* Reduction percentages are vs. FY2008

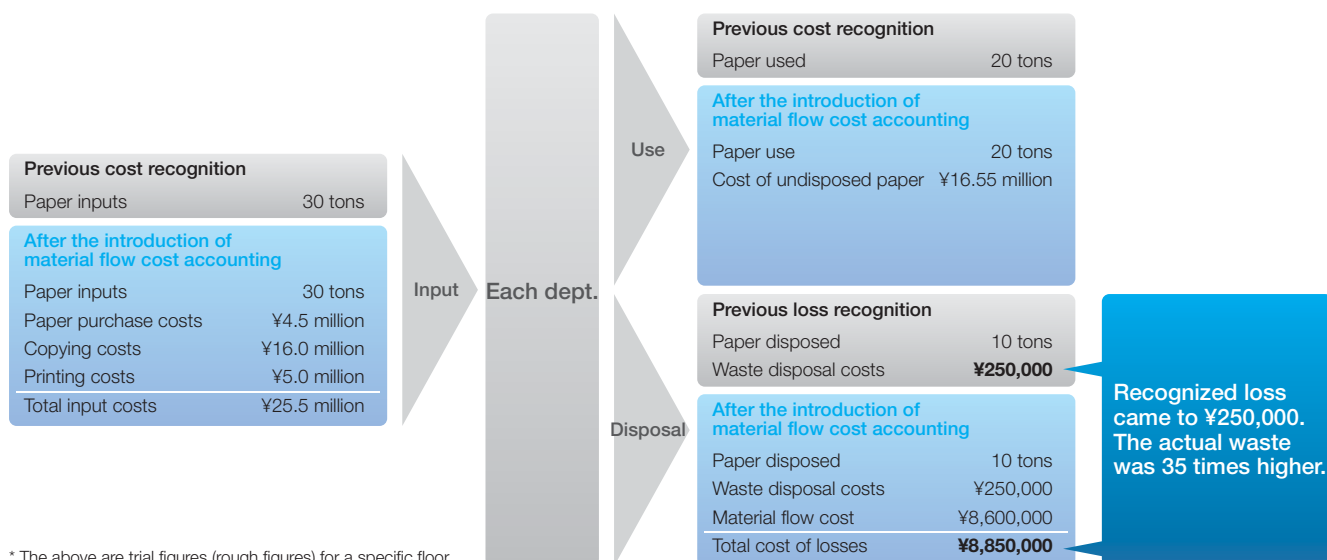
In order to implement drastic measures to reduce CO₂, Sumitomo Trust did an energy conservation analysis over a one-year period, obtaining verification of its full-year energy use situation and the suitability of its management of operations. Based on these results, a CO₂ reduction plan was created focusing on the introduction of an ESCO, and the Fuchu Building's medium- and long-term maintenance plan was accelerated and executed. About 10% of CO₂ emissions will be cut by the introduction of an ESCO, for example through the conversion of the heat source system into a high-efficiency system, and the adjustment of air conditioners in the computer rooms and offices. Together with other measures, we aim to cut about 12% from the building's baseline emissions.

4 Effective Use of Paper Resources

(1) Introducing Environmental Management Accounting to Monitor Paper Waste

Sumitomo Trust recognizes that the volume of paper used and disposed of are important environmental burdens. We have introduced material flow cost accounting*, and analyzed waste from the perspectives of both environmental burden and economic efficiency. Specifically, by calculating the costs required to create the printed matter that becomes waste, we found hidden costs (loss which does not generate a profit). For example, as seen in the diagram below, if 10 tons of paper are disposed of, until now only the waste disposal costs (25 yen/kg x 10,000 kg = 250,000 yen) were recognized. However, when, under material flow cost accounting, we calculate loss including the costs incurred in the creation of waste (cost which does not generate a profit), we come up with 8,850,000 yen, which is 35 times higher.

Previous Cost Recognition and Recognition of Loss Under Material Flow Cost Accounting



* The above are trial figures (rough figures) for a specific floor.

Seeing this result, we then undertook similar computations for supplies and pamphlets. Tons of supplies and pamphlets ordered from and created by printing companies are disposed of each year. Costs to create and dispose of the waste came to 23 million yen in fiscal year 2009. We have created stricter inventory controls by overseeing departments in an effort to reduce costs.

* Material flow cost accounting: An environmental management accounting method which is a management tool aiming to achieve both environmental conservation and profit enhancement at the same time. Under a proposal from Japan, it is being made into an international standard, and is expected to go into effect as ISO 14051 in 2011.

(2) Moving from Environmental Burden Reductions toward Operational Efficiency Improvements

In our ISO activities, Sumitomo Trust is analyzing the causes of waste generation, and along with our efforts to effectively use material resources and reduce the environmental burden, we are working on operational efficiency improvements which will lead to more effective use of time and money as management resources.

In fiscal year 2009, we created and executed a Paper Waste Reduction Program in five major departments which use large volumes of paper: the Retail Business Planning and Promotion Department, the Operations Process Planning Department, the Defined Contribution Pension Department, the Structured Finance Department, and the Real Estate Management Department. This produced significant results in reducing paper usage and costs, achieving a 27% reduction in copying usage volume, and a 31% cut in printing usage volume, etc. This also led to improvements in operational efficiency, with less printing work time and the faster introduction of IT equipment resulting in shorter meeting preparation time and shorter meetings.

Paper Waste Reduction Program of Five Major Departments

Retail Business Planning and Promotion Department	Stricter pamphlet inventory controls. Control of ordering periods and quantities.
Operations Process Planning Department	Stricter pamphlet inventory controls.
Defined Contribution Pension Department	Use projectors to reduce printed matter in meetings. Copying usage volume cut by 20%, printing usage volume cut by 35%.
Structured Finance Department	Redoubled emphasis on two-sided printing. Paper usage volume cut by 24%.
Real Estate Management Department	Partly eliminated the large-volume automatic printing of forms. Encouraged two-sided printing.

(3) Sustainable Paper Resources Usage Program

In our ISO activities, we are working to address quantitative issues regarding the paper-related environmental burden. However, we think we should also work on qualitative issues. In particular, there is the problem that paper raw material demand encourages logging of tropical rainforests, which are said to contain 90% of the world's species. This is an urgent issue which all companies should work on. Sumitomo Trust uses large volumes of copying paper, distributed materials and printed matter. As one topic in the

Sumitomo Trust's Biodiversity Program, we began studying a biodiversity friendly "Sustainable Paper Resources Usage Program."

We will look at the paper supply chain for the entire group, investigate paper usage which considers the impact of raw material procurement, the distribution process, etc., and use the ISO 14001 framework to advance this program.

5 Use of Disposed PCs

(1) Reuse of Disposed PCs

In the disposal of PCs, we are reusing the PCs in order to cut waste volume and CO₂ emissions generated in the disposal process, while securing strict information controls by completely deleting data. In fiscal year 2009, we cut CO₂ emissions by 294 tons, and reduced CO₂ emissions by a total of 888 tons in the last five PC disposals.

Our group company Sumishin Panasonic Financial Services Co., Ltd. provides office equipment leases. PCs which have reached the end of their lease period are collected by the Lease Up Center of its subsidiary Japan Machinery Leasing and Sales Co., Ltd. Reusable PCs have their data completely deleted and their functions are inspected. Then, once they are restored to operational status, they are sold as used PCs. PCs which cannot be reused have their data completely deleted, and reusable parts are sold to parts companies, as they work to minimize final disposal volume.

(2) Donation to NPO Working in Developing Countries

Some of the reusable PCs are used in developing country support activities. In fiscal year 2009, we obtained the cooperation of Microsoft Co., Ltd. to provide basic software for free, and donated 20 PCs to ADRA Japan, which assists people who need emergency aid due to conflicts and natural disasters, and people suffering hardships for various other reasons. They are being used in the NPO's activities in Indonesia, Sudan and Laos.



1. On February 16, 2010, we received a report from ADRA Japan about local use of the donated PCs. 2. Sumatra Island in Indonesia 3. Sudan 4. Laos

5

The 2008 Lehman Shock clearly demonstrated the huge impacts on society when financial institutions fail at risk management. Thoroughly managing risks and running its main business soundly can be considered the greatest social responsibility of a financial institution. Sumitomo Trust emphasizes advanced risk management, and is working to build an agile risk management system able to respond flexibly to changes in the environment.

2009

2010

Plans

- To reduce financial risks.
- To create a more advanced credit assessment/management process.
- To strengthen our conflict-of-interest management system.

Achievements

- Strengthened our real estate risk management system.
- Strengthened our overseas operations risk management system focused on China and Asia (more advanced credit assessment/management process).
- More diverse credit management and verification process, by industry and product etc. (strengthened conflict-of-interest management system).
- Published conflict-of-interest management policy, established management supervisory departments etc. independent from sales departments.

Plans

- To smoothly shift to a risk management system which covers the management integration with Chuo Mitsui Trust Holdings.
- To strengthen response to the threat of a second recession due to the strong yen and long-term deflation.
- To strengthen handling of business expansion in related companies and overseas business.



Mr. Daisuke Oda

Attorney at Law
Mori Hamada & Matsumoto

Comment from Stakeholder

“The important things in compliance are not written in laws.”

I provide advice once a week on laws that concern daily operations in the Internal Audit Department, which performs internal audits. A trust bank is subject to various legal regulations such as the Banking Act, the Act on Provision, etc. of Trust Business by Financial Institutions, and the Financial Instruments and Exchange Act. However, for trust banks the important things in compliance are not written in laws. There are many cases in which the financial institution's judgment is required, for example, concerning conflicts of interest, the handling of antisocial forces, and customer protection.

In such cases, while the organizational structure and the compliance manual are important, a corporate culture which does not condone acts that violate social norms is also important. On this point, we can be confident that Sumitomo Trust's employees are a group of sincere individuals who are both trustworthy and cooperative. With regard to the management integration with Chuo Mitsui Trust Holdings, Inc., I would like to see the unique features of the Sumitomo Trust culture incorporated into the new corporate culture, which is the real foundation of compliance.

! Information

More Detailed Information is Provided in the “2010 Annual Report”

The content of Path 5 is given in greater depth in “2010 Annual Report,” which provides details regarding the management of our company.

For example, this report contains sections that outline our basic philosophy in regard to Sumitomo Trust's management structure, such as “Corporate Governance,” “Internal Control,” “Compliance Structure,” and “Risk Management,” and describes concrete policies that are intended to put these precepts into practice.

Furthermore, a section entitled “Risk Management,” located at the latter-half of the report, gives a detailed description of our basic philosophy on risk management, and specifically explains our Internal Risk Management Framework for controlling various major risks. Furthermore, this section discloses detailed data related to credit risk and market risk.

To gain a more in-depth understanding of our activities, please read the report.

Web site:

http://www.sumitomotrust.co.jp/IR/company/en/annual_html/annual_index.html



Major Risks and Risk Management Policy

We will actively reinforce each business strategy and enhance our management infrastructure by striking a balance between offense and defense as we further improve on our strengths as a trust bank with the business model of combined banking, trust, and real estate operations. We acknowledge the importance of risk management from the perspective of “defense” within our pursuit of active business strategy, and we deem it to be a management issue with the highest priority.

1 Basic Philosophy

Although the turbulence in the financial market triggered by the collapse of a major U.S. financial institution expanded around the world and caused a rapid deterioration of the real economy, the global economy posted a moderate recovery thanks to the effect of the massive fiscal and monetary policies implemented by the major economies. However, we are still in a situation where we have to be prepared to cope with new risks, with the problem of fiscal deficits in Europe becoming a destabilizing factor late last year. Under such circumstances, it has become increasingly important for us to enhance and advance our risk management.

Sumitomo Trust regards the establishment of a risk management system suited to the characteristics of businesses as one of the most important management tasks. Accordingly, we are making constant efforts to enhance and advance our risk management, which forms the basis of the expansion of the business scope and the sustainable growth of the STB Group.

During the current fiscal year, we are promoting the reform of the risk management process, such as making risk management more efficient by reviewing the business flow, while ensuring the improvement and efficiency of the management system for facilitating loans to SMEs, in addition to strengthening risk management to address risks encountered in the future expansion of overseas operations. Regarding international credit investments, including securitized products, we have transferred a portion of such assets to the Global Markets Business to enable more flexible asset management finely tuned to market conditions.

2 Types of Risk and Management

We classify business risks based on 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. At the same time, we try to get a comprehensive understanding by integrating them, and manage risks by comparing them with our overall financial strength.

Credit Risk

In the trust business, credit risk is a risk that occurs from the act of lending that is based on a client company’s creditworthiness, and it is the most cardinal risk as it relates to the fundamental financial function of credit creation. For the management of credit risk, we take care to ensure “a diversified credit portfolio” and “strict credit management for individual credits,” which we undertake on a scope that is appropriate to our overall financial strength.

Market Risk and Liquidity Risk

Market risk and liquidity risk are the risks where the value of assets and liabilities will vary and where problems will arise in fundraising due to fluctuations in market factors such as interest rates, stock prices, and foreign exchange rates. With regard to market risk involving profit sources, we strive to manage our risk-taking proactively and within allowable limits in order to maximize our profits.

Operational Risk

Business processing risk, information security risk, compliance risk, human resource risk, event risk, and reputational risk correspond to the risk of losses arising from inadequate internal business processes, conduct by officers and employees, the deployment of human resources, and systems.

For the management of operational risk, we strive to prevent the occurrence of accidents 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 occur.

3 Organizational Structure for Enterprise Risk Management

In accordance with the Risk Management Policy set by the Board of Directors, Sumitomo Trust has clarified the allocation of authority, organizational structure, and management processes and procedures so that it can identify, assess, monitor, and control risks based on the PDCA (Plan-Do-Check-Action) cycle regarding each risk category.

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

(1) Board of Directors

Formulates policies and plans concerning the management of overall risks that are faced by Sumitomo Trust, and raise awareness of the policies and plans throughout the company. It also builds management and reporting structures, and vests relevant organizations with authority.

(2) Executive Committee

Sets rules and provisions regarding the identification, assessment, monitoring and control, and develops frameworks to put them into practice.

(3) Risk Management related Departments

Responsible for accurate recognition and continuous assessment, appropriate management and administration of risks, as well as integrity of the compliance (observance of relevant laws and regulations) frameworks.

(4) Front Office Departments

Front office departments engage in operational administration aimed at ensuring the effectiveness of risk management, such as implementing appropriate controls that reflect the scale and characteristics of risks.

(5) Internal Audit Department

The Internal Audit Department assesses and verifies the status of all activities as an independent department.

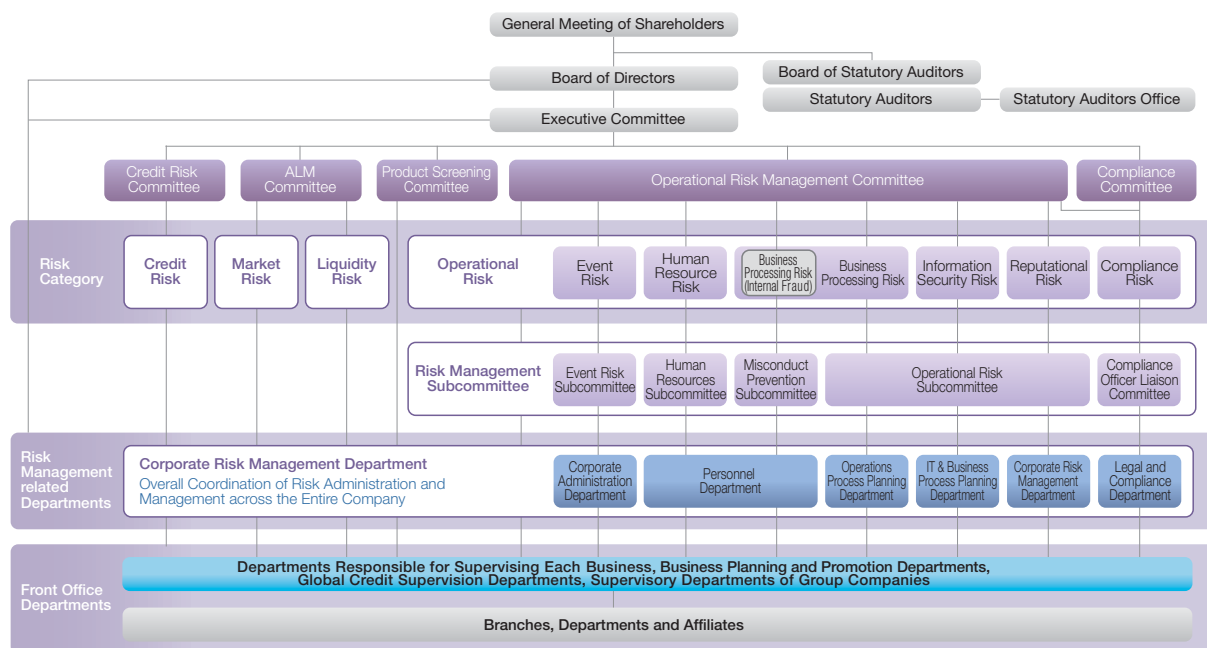
4 Enterprise Risk Management and Integrated Risk Management (Economic Capital Management)

Basel II, which verifies banks' capital adequacy by a unified international standard, aims to evaluate risks faced by financial institutions in more detail compared with the former BIS regulations, while also encouraging enhanced risk management abilities of financial institutions.

It is our policy to comprehensively measure various risks we face, including risk not included in the regulatory calculation of the capital adequacy ratio, after individually assessing respective risk categories, and manage these risks by comparing them with our overall financial strength (Enterprise Risk Management).

In addition, among risk categories held by the STB Group, quantifiable risks (credit risk, market risk and operational risk) are measured quantitatively by the unified risk measurement criteria according to our business operations (Integrated Risk Management).

Risk Management Structure



Compliance

Compliance with laws, regulations and other rules, including social norms, is positioned as one of the most important management issues at Sumitomo Trust, as we exercise the asset management-oriented financial intermediary function, which combines the financial intermediary function and the asset management and administration functions.

To ensure that all executives and employees behave in a sincere and fair manner when performing their duties, we have established in-house rules and Compliance Standards, as well as a compliance environment that includes the checking and promotional structures. In these ways, we encourage executives and employees to tackle various issues and resolve problems through the implementation of a self-cleaning process.

1 Main Compliance Policies and Rules

Compliance Policies

Compliance Policies, which are the fundamental tenets of compliance, were formulated based on Management Policies, and Basic Policies for Building Internal Control System. These are the core policies that determine the compliance definition, management responsibilities and roles, organizational structure, and management framework.

Compliance Rules

Compliance Rules are rules that were formulated based on the basic points of our compliance policies. These rules form the basic points of the organizational structure of compliance and management framework.

Compliance Standards

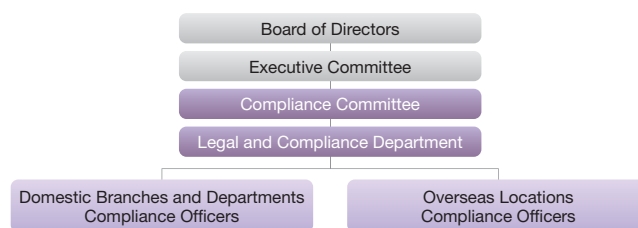
Our Compliance Standards outline such items as how to achieve compliance and customer protection. It explains the codes of conduct (explained later) that all our executives and employees are expected to follow, as well as the main organizational structures and actual rules that are necessary to achieve this.

2 Overview of the Compliance Structure

The Legal and Compliance Department is in charge of and centrally manages compliance-related annual practice plans such as the development of a compliance structure for Sumitomo Trust. The department handles promotional activities and measures such as the development of related regulations and training. Moreover, in order to develop the compliance structure of the STB Group and to carry out thorough implementation throughout the STB Group, this department provides subsidiaries and affiliates with guidance on how to improve their compliance structure (including the organization structure and rules). The Compliance Committee investigates and resolves problems concerning compliance, and

when necessary makes reports and gives advice to the Board of Directors regarding how to deal with these problems. The Internal Audit Department also reports the results of internal auditing concerning compliance to the Board of Directors, which in turn reflects the contents of these reports in its management policies.

Compliance Structure



3 Monitoring Compliance and Addressing Violations

In order to promote the steady practice of compliance, we have established a structure under which Compliance Officers are appointed at our head office and at all branches and departments in Japan and overseas. These Compliance Officers carry out monitoring on a daily basis as a primary check, while the Legal and Compliance Department conducts monitoring based on reports submitted by branches, and also reviews the results of audits.

The Internal Audit Department periodically audits operations to ensure that each branch and department is practicing compliance in a correct and effective manner.

A compliance hotline has been set up to enable all our executives and employees to directly notify the senior management or a law firm of any compliance infractions that may have occurred for prompt, fair and proper handling, without having to go through regular reporting channels.

Thorough information management and privacy protection is practiced to protect informants. Further, as long as the information that they have reported is legitimate, it is strictly prohibited to treat them unfairly as a result of their actions. In order to simplify confirmation and investigation of reports and protect information during the investigation process, such reports are submitted in the names of individuals in principle, although the system also accepts anonymous reports.

4 Code of Conduct for All Executives and Employees

Sumitomo Trust has a compliance code of conduct that covers five areas of behavior of executives and employees: conduct aimed at earning the trust of clients, conduct aimed at earning the trust of shareholders and other investors, conduct aimed at earning the trust of society, conduct aimed at creating a better corporate culture, and conduct of individual employees as representatives of the Bank.

In this compliance code of conduct, for example, we have made provisions for various themes (42 items at present), covering everything from legal compliance (the handling of personal information and the prevention of insider trading, etc.) to routine matters (creating an open and transparent workplace environment, and working together in observance of the rules, etc.). Specific additional explanations are also given to ensure full understanding among executives and employees. These are contained in a document that is used to promote self-education and training of executives and employees.

5 Compliance Initiatives at the Front Line

Prevention of Money Laundering*

Criminals and terrorists employ skillful methods to hide their identity. Personal authentication prevents such concealments and preempts the misuse of financial services. Because criminals and terrorists make their illicit transactions appear as normal transactions, we have prepared a system to report any suspicious transactions to facilitate detection of such illicit transactions.

At Sumitomo Trust, we have adopted various measures to ensure proper personal authentication and prompt reporting of suspicious transactions. For example, employees working at all of our branches and the departments in charge are required to take "Money Laundering Prevention Countermeasures Training" semi-annually in order to maintain and improve their knowledge of this subject on an ongoing basis.

* Money laundering: The act of hiding the source of money obtained illegally (through the sale of drugs, for example) by routing such money through bank accounts or using it to purchase financial products. Examples of parties misusing accounts of financial institutions include terrorists and perpetrators of remittance scams. It is the responsibility of financial institutions to prevent the misuse of financial services, and this is commonly referred to as "Money Laundering Prevention Countermeasures."

Insider Trading Prevention

Insider trading is when an insider performs a transaction using information unknown to outside parties, inflicting unexpected damage upon ordinary investors, and creating a loss of trust in the securities market. To prevent insider trading, Sumitomo Trust has developed internal rules, such as self-trading rules and information controls, and provides training to all employees

annually in order to make these rules widely known. In addition, every year all employees must also submit a written vow to comply with in-house rules and to not engage in unfair transactions such as insider trading.

Efforts to Manage Conflicts of Interest*

The STB Group, in order to avoid unfairly impairing the interest of clients, manages and carries out operations properly in accordance with laws and regulations, as well as the Group's in-house rules concerning the management of conflicts of interest. Thus, we strive to further gain the trust of clients and society.

In order to properly manage conflicts of interest, we established a department that is responsible for such management and independent from the sales department, and have assigned a supervisor in charge of such management to identify and manage all relevant transactions. The department and the supervisor examine and evaluate the group companies' management of conflicts of interest on a regular basis in order to ensure the appropriateness and sufficiency of the conflict-of-interest management system. We also provide training and education and keep employees informed on the matter.

* "Conflicts of interest" refers to cases where the interest of the STB Group and that of clients or interest among our clients contradict.

Response to Antisocial Forces

Allowing the unjustified interference of antisocial forces in our business would lead directly to a loss of the public's trust for Sumitomo Trust. Standing up resolutely against such antisocial forces is our social responsibility for ensuring sound economic and social development and is requested by the Japanese government in the form of the guidelines of the Cabinet Meeting on Anti-Crime Measures. Sumitomo Trust has declared its resolute stance against antisocial forces and its commitment to responding harshly to such threats in its Ethics Charter and various other codes.

Sumitomo Trust has built an organizational structure against the unjustified interference of antisocial forces and has established a system for investigating and conducting systematic checks in all types of transactions in order to prevent transactions with antisocial forces. We have also incorporated a clause to exclude gangs in the provision of our loan and money transfer contracts. This clause deters antisocial forces from initiating transactions with us and gives us the legal grounds to dissolve contracts once it is known that they are antisocial forces after the commencement of transactions.

Corporate Governance

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

1 Corporate Governance

Sumitomo Trust has adopted an executive officer 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.

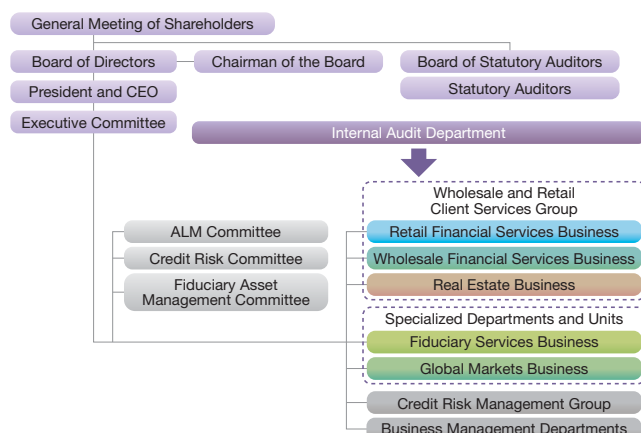
In order to ensure prompt decision-making, we have established, under the Board of Directors, the Executive Committee, which meets every week, as well as a number of other committees* that meet on a weekly to monthly basis. The Executive Committee discusses and makes decisions on matters concerning management 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, within business management departments, we have formed risk management-related departments as independent entities that accurately recognize, continuously assess, and appropriately manage risks, in order to maintain the integrity of the compliance system (see page 56).

Through the implementation of audits, explained below, we have developed an accurately functioning management supervision system; therefore, currently we are not appointing external directors.

* 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).

The Internal Control System Including Business Execution and Supervision



2 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 who perform audits from diverse viewpoints based on expert knowledge.

In addition, we are strengthening our internal auditing system. The Internal Audit Department, which has been set up under the direct control of the President and CEO, is independent of the departments that are involved in the execution of operations. It reports its verification results regarding whether or not risk management, etc. is being performed properly to the Board of Directors in a timely and appropriate manner.

3 Information Disclosure

Sumitomo Trust has created an Ethics Charter that positions appropriate disclosure of corporate information at the core of its management priorities to assure the transparency of corporate management. We have also announced our Disclosure Policy to ensure the proper handling for information disclosure. Moreover, we have set internal rules for complying with the Disclosure Policy and established an Internal Control System to ensure that disclosure is made in accordance with relevant laws, regulations and rules. In addition, we formed a Disclosure Committee to study specific measures for appropriately creating and enforcing internal controls related to information disclosure.

Remuneration for Directors

We seek to make the remuneration for directors an effective incentive to boost our corporate performance. Moreover, remuneration amounts are determined according to remuneration policies decided annually at Board of Directors meetings and impartial evaluations by the Performance Evaluation Committee. These measures are designed to ensure that remuneration reflects our corporate performance and the contribution level of each director to that performance, as well as initiatives for boosting our corporate performance over the medium and long terms.

Category	Number of Persons	Total Remuneration (¥ millions)		
			Salary	Bonus
Director	12	522	452	70
Corporate Auditor	3	53	53	—
Outside Director/Auditor	4	37	37	—

Protecting Personal Information

As a financial institution that handles large volumes of personal information, Sumitomo Trust undertakes meticulous management of personal information in conformity with relevant laws. In June 2010, however, a major incident occurred related to information management, whereby personal information from one corporate client was leaked. Taking this matter very seriously, we are adopting measures to prevent a recurrence and doing our utmost to restore trust.

1 Overview of Incident

On June 30, 2010, it became clear that personal information (a data file) on approximately 14,000 individuals—members and retirees of a corporate pension fund (a single fund) administered by Sumitomo Trust—was inadvertently passed to another corporate pension fund (a single fund) and a large financial institution (a single company) acting as consultant to the other fund.

The data file in question contained information about members of a specified corporate pension fund, including membership number, name, date of birth, gender, and membership commencement date. It did not contain any credit-related data or sensitive information. (Personal information of clients undertaking general transactions with us, such as balances of deposits, investment trusts, and housing loan or real estate holdings, was not included.)

2 Our Response

On the date of the incident, staff from Sumitomo Trust visited the corporate pension fund and the consulting company to which the information was inadvertently passed. At that time, the data file was erased and it was confirmed that secondary leakage had not occurred.

At the same time, Sumitomo Trust submitted a written report about the incident to its own client (a corporate pension fund and its members) and issued an apology. At this moment, there is no evidence that the information in question has been used in a fraudulent manner. Accordingly, we believe that the possibility of secondary damage is extremely low and that no losses have occurred as a result of the incident. Nevertheless, we will continue monitoring the situation closely.

3 Preventing a Recurrence

This is how the incident occurred: When we received a request from the corporate pension fund to supply data, we erroneously retrieved from our system data pertaining to a different corporate pension fund with a similar contract code number. We then prepared a data file and attached the file name of the requesting corporate pension fund to that file.

We will take the following specific measures to prevent a recurrence of the incident.

(1) Upgrade the Check Process

We have clarified and reinforced the check process by comprehensively compiling all elements of the workflow, from data retrieval to data submission, into a detailed checklist.

(2) Develop Systems to Reinforce Check Process

With respect to a clear checklist as described above, in the current fiscal year we will develop systems to enhance the function for displaying the client's name on the screen at the time of data preparation and retrieval, as well as the function for automatically attaching the file name to the data file.

Recognizing the seriousness of the incident, we will adopt more rigorous procedures for managing client information on a company-wide basis. To this end, we will implement comprehensive employee education targeting sections that handle large volumes of personal data.

Sumitomo Trust is fully aware of the significance of the aforementioned incident and will take the steps described above to prevent a similar case happening again. We are committed to restoring the trust of our clients as early as possible.

Third-Party Comments on Sumitomo Trust's 2010 Corporate Social Responsibility Report

Yoshihiro Fujii

Professor
Graduate School of Global Environmental Studies
Sophia University



As is very clear from its previous CSR reports, Sumitomo Trust has been a leader among Japanese financial institutions in environmental and CSR activities. Other banks, which up until recently had been slow to act, adopted environmental finance as an additional business line in rapid succession in 2009 and 2010, as if trying to catch up with Sumitomo Trust.

The catalyst for the sudden rush toward environmental finance was the introduction by the Ministry of the Environment of an interest subsidy scheme for environmental rating loans. The latest CSR report by Sumitomo Trust shows that even as government support is prompting an increasing number of banks to hastily adopt environmental finance, Sumitomo Trust's environmental financial activities steadily continue to evolve into various forms.

In addition to the existing preferential loan rates for houses equipped with solar power generation systems, environmental rating loans for condominium purchases, investment funds for the purchase and rehabilitation of contaminated land, and charitable trusts, in the past year Sumitomo Trust has introduced new environmental financial products and services, including environmental rating loans, a biodiversity SRI (socially responsible investment) fund, and a China Stock SRI fund. Sumitomo Trust has also established the Sustainable Property Promotion Section dedicated to the promotion of environmentally-friendly property.

The business management strategy through which Sumitomo Trust acquired Nikko Asset Management Co., Ltd. (Nikko AM) has also had a significant impact on Sumitomo Trust's environmental financial activities. I am saying this because Nikko AM developed Japan's first environmentally conscious investment fund in 1999 and it became the pioneer in the field of SRI. No sooner did Nikko AM, a well-established force in SRI, join the STB Group, which had launched its SRI initiative, than a new SRI fund, a balanced environmental fund called the "Green Balanced Fund" ("Green Green") was created, which combines the two companies' resourceful ideas, know-how, and commitment to SRI. Underlying Sumitomo Trust's claim in this CSR report that it is one of the most powerful SRI fund investment companies in Asia is its ability to take action and execute plans, as described above. The Sumitomo Trust top management's commitment to CSR, as shown by the statement "We have consistently regarded CSR as part of our business strategy," gives the company a significant advantage.

One challenge to overcome, as I pointed out in the previous year's CSR report, is how to enable environmental financial activities to lead to the sustainability of earnings, and how to evolve further. As a solution, an analysis of the environmental burden and economic efficiency resulting from the introduction of material flow cost accounting has been added to the latest CSR report. In the report, Mr. Jeremy Prepscius of BSR points out that "environmental finance should be conducted as a holistic approach, rather than as an assortment of various

activities." I believe that the analysis of the environmental burden and economic efficiency constitutes a step toward such an approach.

However, if Sumitomo Trust is to achieve a "holistic approach" to environmental financial activities, it will be necessary to introduce environmental accounting, which would comprehensively evaluate the variety of environmental financial products and services introduced by Sumitomo Trust from the perspectives of both revenue and expenditures. While some banks have already introduced environmental accounting, the economic impact of environmental finance would become significant if Sumitomo Trust, as a leader in environmental activities, were to introduce such a system.

Regarding social contribution activities, in addition to existing ones, such as the "Love Letters at Sixty Project," on which a movie has been based, "the Pink Ribbon Campaign," the assignment of care-fitters to branches, and financial literacy education programs, Sumitomo Trust has begun promoting activities to support living beings. It is obvious that these activities, known as "With You" activities, are underpinned by the motivation and personal character of individual employees. We can see that the "With You" activities, which are included in "Path 2" of this report, are closely related to the objective of "Path 3": better human resource management.

Of the "5 Paths" that are indicated for enhancing corporate value, the most critical one is probably "Path 3," which produces Sumitomo Trust employees who realize an appropriate work-life balance. Employees think hard about ways to attain the objective of "Path 1," business innovation, and foster customer trust in Sumitomo Trust as part of the activities of "Path 2." At the same time, employees rationally strike the balance between cost reduction and risk management as part of the activities of "Path 4" and "Path 5."

In order for Sumitomo Trust to go beyond the current approach of classifying its CSR activities into five categories and adopt a more holistic approach, Sumitomo Trust must not stop at the introduction of environmental accounting but rather may need to develop a full-fledged CSR accounting system. I hope that Sumitomo Trust, which regards CSR as part of its business strategy, will tackle this challenge.

The year 2011 will represent a springboard toward further prosperity for Sumitomo Trust, as it is scheduled to implement management integration with Chuo Mitsui Trust Holdings, Inc. The CSR report for the next fiscal year will describe a broader range of CSR activities and environmental financial activities conducted by the Sumitomo Mitsui Trust Group. CSR is a business concept of a higher order, shared by both parties, and is useful for making multiple organizations and various corporate cultures work together and contribute to their integration.

In this respect, CSR is strategic in nature. I hope that the new group will continue to be a leader in CSR activities.

Sumitomo Trust's CSR

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.

1 Sumitomo Trust's Basic Policy Regarding CSR Activities

Sumitomo Trust's basic policy regarding CSR is to contribute to the sustainable growth of society through the 5 Paths (see the reverse side of the cover page), while enhancing our own corporate value. CSR, therefore, is an integral part of the 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 toward 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 executives and employees of Sumitomo Trust.

Social Activity Charter and Ethics Charter

Social Activity Charter

Guided by two core principles—"confidence and integrity" (the 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. Protect 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 the 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.

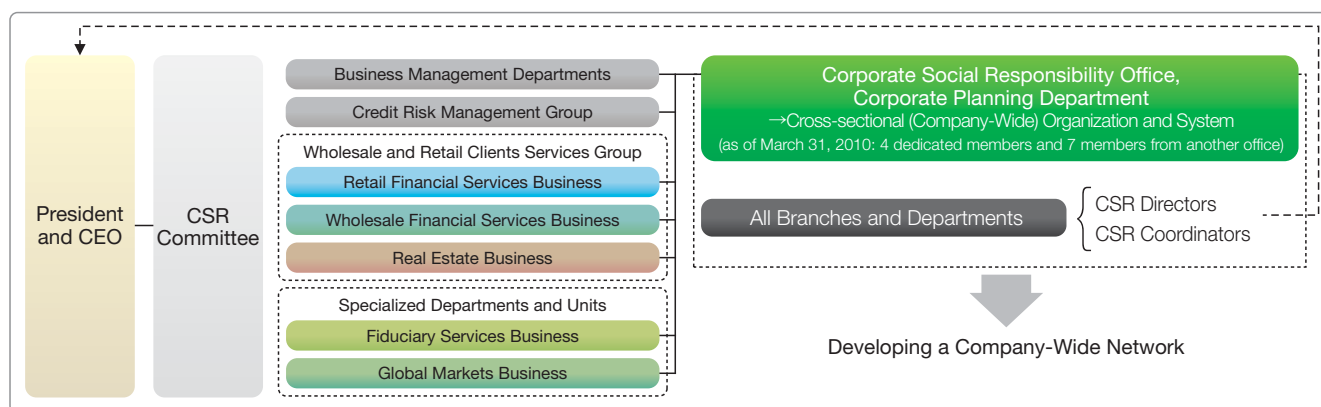
2 Structure for Promoting CSR Activities

At Sumitomo Trust, the CSR Committee, consisting of the Chairman of the Board, President, managing executive officers and other members of the Executive Committee, 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 semi-annual basis.

Meanwhile, the Corporate Social Responsibility Office under the Corporate Planning Department oversees practical affairs related to CSR activities. CSR Directors and CSR Coordinators at our head office and at all branches and departments promote CSR activities.

CSR Promotion Structure



3 Integrating CSR Activities with Our Core Businesses

Sumitomo Trust is working to integrate CSR with its mainstay business by incorporating CSR activities into its management plans in a practical and multifaceted manner. Our highest CSR decision-making body is the CSR Committee (Executive Committee), chaired by the President of Sumitomo Trust. The Committee oversees all CSR activities, from overall strategies and related product development to sales strategies, human resource development, and budgeting. With respect to

CSR-related products that are designated for transition to the specific business level within this general policy, sales targets are set in the business plans of each business, and those business plans are decided via deliberation of the Executive Committee.

Under our environmental management system, we determine specific targets based on business plans of businesses attached to individual departments regarding financial products and services (indirect impact) developed under our “Eco-Trustution” initiative, maintaining consistency with the overall CSR plan led by the CSR committee.

Business Plan Development and Process Management System for CSR-Related Products



History 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

Signing of the United Nations Environment Programme Finance Initiative (UNEP FI)

December

Formulation of the "Social Activity Charter"

2004

March

Development and launch of preferential interest rate loans for environmentally-friendly housing as our first retail environmental financial instruments

September

Began publishing the CSR Report (Japanese and English)

December

Development of the in-house CSR network (placement of CSR Directors and CSR Coordinators in all branches and departments)

2007

April

Labeling of the environmental finance business as "Eco-Trustution"

June

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

August

Began the establishment of the environmental management system with a view to obtaining ISO 14001 certification (became operational in July, 2008)

2008

May

Signing of a leadership declaration under the Business and Diversity 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

Establishment of the Environmental Policy (Revision of the "3 Environmental Principles")

'03 '04 '05 '06 '07 '08 '09 '10

2005

June

Establishment of the 4 main CSR themes (Later expanded to 5 themes)
Establishment of the "3 Environmental Principles"

July

Signing of the UN Global Compact (a first for a Japanese bank)

2006

January

SRI fund "Good Company" receives the Fund of the Year award for excellence from Morningstar*

May

Signing of the UN Principles of Responsible Investment (UN PRI)

September

Began publishing "With You," which introduces the social contribution activities that are being made by each branch

2009

March

Obtained ISO 14001 certification
Environmental Communication Awards 2008:
Received the Environmental Report Award

October

Began Sumitomo Trust's Biodiversity Program

December

Appointed a person in charge of ESG inside the Securities Business Planning Department

2010

January

Became a member of Business for Social Responsibility (BSR)

April

Established the Sustainable Property Promotion Section in the Real Estate Business Development Department

July

Commenced sales of the Environmental Balanced Fund "Green Green," developed jointly with Nikko AM

* 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.

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, foreign companies and NGOs, while demonstrating its own viewpoints and stance both in Japan and abroad.

Accession to the United Environment Programme 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 that is aimed at promoting property finance that facilitates sustainable development, namely “Responsible Property Investment” (RPI). In addition to joining the working group in June 2007, Sumitomo Trust held the annual meeting in November 2008, and in August 2009 we became a member of the media team that promotes RPI.

Signing of a Leadership Declaration under the Business and Biodiversity Initiative ‘Biodiversity in Good Company’



At the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity held in May in Bonn, Germany, Sumitomo Trust, together with 33 other companies from around the world, signed a leadership declaration under the Business and Biodiversity Initiative ‘Biodiversity in Good Company,’ which was led by the German government. Since that time, we have been playing our role as a leading company in this field and making proactive efforts to address this issue.

Accession to the Carbon Disclosure Project (CDP)

CARBON DISCLOSURE PROJECT

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.

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

Membership in Business for Social Responsibility (BSR)



On January 1, 2010, Sumitomo Trust became a member of BSR, a U.S. NPO promoting CSR. Through our collaboration with BSR, Sumitomo Trust will pursue sustainability from a global perspective.

In this CSR report, BSR is featured in our section entitled, “Dialogue with Stakeholders,” an event to which BSR representatives were invited.

Signing the United Nations Global Compact (UN Global Compact)



The UN Global Compact, proposed by the former UN Secretary-General Kofi Annan, is a code of conduct regarding human rights, labor, 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.

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. Business should work against corruption in all its forms, including extortion and bribery.

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

The Corporate Social Responsibility Office (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 represented by the “Eco-Trustution,” which seeks to find solutions for ecological problems through the utilization of the trust function. In order to develop a financial solutions business that would contribute to solving the current problems and issues in fields requiring 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 2009, the CSR Office took the initiative in developing environment-related products, and they have been taken up in the business plan by each of Sumitomo Trust's businesses. The seamless integration of CSR and our core businesses in this way has led to the development of two key services: the Biodiversity Fund, which invests in companies emphasizing biodiversity, and an Environment-Friendly Rating Loan, which offers preferential interest rates to companies actively addressing such issues as global warming and biodiversity.

Promoting social contribution activities by individual branches and departments (“With You” activities) is another important task of the CSR Office. In fiscal year 2006, Sumitomo Trust branches 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 allocates a special budget with a view to invigorating “With You” activities, and provides backup to the CSR activities of branches with the aim of enhancing their value.



Comment

Comment from the Officer in Charge of CSR Promotion

In this year's Dialogue with Stakeholders section of this CSR Report, we received the following advice from Jeremy Prepscius, Managing Director, Asia, BSR: “Adopt multifaceted perspectives, invest in innovation, and take the lead in the market.” These words greatly impressed me. Japanese people have been called out for becoming inward-looking as a result of the so-called “two lost decades.” At this current time, however, when wide-ranging, global-scale issues are emerging with growing frequency, Japan's potential contribution to the world with respect to the environment and other sustainability issues must not be insignificant. I feel as if he cheered on our efforts, saying: “Even in the financial business, pursue innovative business models based on a global perspective.”

In this year's CSR Report, we include comments from experts in various fields across the Five Paths. Each comment is interesting and insightful, and gives us much to think about. I sincerely thank those who took the time to give us comments.



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

Corporate Data (as of March 31, 2010)

Company Name:	The Sumitomo Trust and Banking Company, Limited
Head Office:	5-33, Kitahama 4-chome, Chuo-ku, Osaka-shi, Osaka 540-8639, Japan
Date of Establishment:	July 1925
Total Employable Funds:	¥32,391.7 billion
Total Assets:	¥19,651.3 billion
Loans and Bills Discounted:	¥12,319.9 billion
Entrusted Assets:	¥79,307.6 billion
Paid-in Capital:	¥342.0 billion
Issued stock:	1,675,128,546 Common Shares
BIS Capital Adequacy Ratio:	13.85% (consolidated)

Number of Employees:	6,104
Number of Offices:	Domestic: 63 (branch offices: 51, satellite offices: 12) Overseas: 8 (branch offices: 4, representative offices: 4)
Number of Group Companies:	Subsidiaries: 48 (domestic: 22, overseas: 26) Affiliates: 11 (domestic: 10, overseas: 1)
Listed:	First Sections, Tokyo Stock Exchange & Osaka Securities Exchange

Major Subsidiaries and Affiliates (as of June 30, 2010)

Domestic

Name	Business Details
The Sumishin Shinko Company Limited	Building Management
Sumishin Guaranty Company Limited	Loan Guaranty Operations
First Credit Corporation	Real Estate-Secured Loans
STB Wealth Partners Co., Limited	Consulting
Life Housing Loan, Ltd.	Housing Loans
Sumishin Business Service Company, Limited	Clerical Work & Temporary Staffing
STB Real Estate Investment Management Co., Ltd.	Investment Advisory
STB Business Partners Co., Ltd.	Training & Human Resource Related Services
Nikko Asset Management Co., Ltd.	Mutual Funds Management and Consulting
Japan TA Solution, Ltd.	Data Processing and Computing
Sumishin Panasonic Financial Services Co., Ltd.	Leasing, Installment Finance, Credit Cards and Finance, Trust-Related Operations
Sumishin Card Company, Limited	Credit Cards
STB Investment Corporation	Venture Capital
Sumishin Information Service Company Limited	Data Processing and Computing
STB Asset Management Co., Ltd.	Mutual Funds Management and Consulting
STB Research Institute Co., Ltd.	Surveys, Research, Consulting, and Investment Advisory
Sumishin Realty Company, Limited	Real Estate Brokerage
SBI Sumishin Net Bank, Ltd.	Banking
Japan Pension Operation Service, Ltd.	Pension Plan Administration Services
BUSINEXT CORPORATION	Loans for Small and Medium-Sized Companies and Business Owners
Sumishin Life Card Company, Limited	Credit Cards
Top REIT Asset Management Co., Ltd.	Investment Management
HR One Corporation	Human Resource Related Service
Japan Trustee Services Bank, Ltd.	Trust Banking
Japan Trustee Information Systems, Ltd.	Data Processing and Computing

Overseas

Name	Business Details
The Sumitomo Trust Finance (H.K.) Ltd.	Finance
Sumitomo Trust and Banking (Luxembourg) S.A.	Global Custody Services
Sumitomo Trust and Banking Co. (U.S.A)	Global Custody Services
STB Consulting (China) Co., Ltd.	Consulting
Nanjing Trust & Investment Corporation	Debt Servicing, Debt Payment

For further information, please contact:

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

GranTokyo South Tower, 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>

Editorial Policy for the Corporate Social Responsibility (CSR) Report:

This CSR report, like previous years' reports, was compiled to explain Sumitomo Trust's CSR policy and activities in relation to the company's unique "Five Paths for Enhancing Corporate Value" (see reverse side of cover sheet for details). Each of the Five Paths begins with a section that describes our plans and achievements for the previous fiscal year as well as our goals for the current fiscal year based upon clear recognition of the current situation we are dealing with, understanding of the issues, and what we are doing to improve.

Also, we are trying two new points starting with this issue.

The first point is that the first page of each path presents honest opinions about our activities from a stakeholder deeply involved in that path. CSR activities tend to be self-righteous, so while continuing such activities, we intend to combine our management with activities sought by society to accomplish sustainable growth.

The second point is that for Path 4, in addition to reporting on the status of operations regarding our environmental management systems, we present specific numerical data on CO₂ emissions, which is essential for global warming prevention. We will continue to present specific environmental performance data, thereby providing "visibility" for results of our environmental activities.

This report also introduces "With You," a pamphlet that explains details regarding our branches' involvement in local community activities, and we hope that you read this section as well (see page 33).

* We have attached a questionnaire to the end of the report that is aimed at receiving frank opinions of our stakeholders in regards to this report and Sumitomo Trust's CSR activities. We would greatly appreciate it if all of you would feel free to use this questionnaire to inform us of your honest opinions and impressions. You may also reply to the questionnaire on the following website (Japanese language).
<http://www.sumitomotrust.co.jp/csr/index.html>

Scope of This Report:

Activities of Sumitomo Trust's head office, domestic branches, overseas branches, and group companies.

Target Readers:

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

Period Covered by Report:

Fiscal year 2009 (April 1, 2009 to March 31, 2010)

* This report also includes the latest information on activities before fiscal year 2009 and those in the months up to August 2010.

Reference Guideline:

Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 2006

* A table comparing our CSR report and the guidelines is available at the following website: <http://www.sumitomotrust.co.jp/IR/company/en/pdf/csr/2010/GRI.pdf>

Issued: September 2010

Our Japanese language website contains information on a wide range of Sumitomo Trust CSR activities that is not included in this report.

Specifically, this website has special sections that provide more detailed information on our initiatives related to the issues of environmentally-friendly property and biodiversity. It also enables visitors to read the full text of "Dialogue with Stakeholders."



CSR Activities (Japanese language site)

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

Sumitomo Trust is working for biodiversity conservation, such as protection of rare species.



Cover Photo: Tsushima Leopard Cat
[Prionailurus bengalensis euptailurus]

The Tsushima leopard cat is an animal designated as an endangered species. Sumitomo Trust donates amounts in proportion to the number sold of the Green Balanced Fund (nickname: "Green Green") (see page 19) for the National Trust campaign to purchase a habitat for the Tsushima Leopard Cat.

Photo: Tatsumi Yamamura
(NPO to protect the Tsushima Leopard Cat)



Change for the future.
Change by Japan.



Sumitomo Trust is participating in the Challenge 25 Campaign.



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FSC-certified paper