

[NOTICE: This Convocation Notice is a translation of the Japanese language original for convenience purpose only, and in the event of any discrepancy, the Japanese language original shall prevail.]

(Appendix)

Business Report for the 3rd Fiscal Year

(April 1, 2013 - March 31, 2014)

Kunitaro Kitamura, President
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1. Overview of Business Activities of the Company

(1) Developments and Results of Consolidated Business Activities

[Principal Businesses]

Sumitomo Mitsui Trust Group (the “Group”), under the control of bank holding company Sumitomo Mitsui Trust Holdings, Inc. (hereinafter “SMTH”), engages in trust banking business by SMTB as the core business as well as in diverse financial service businesses through group companies involved in finance-related businesses such as investment trust management, real estate collateralized lending, real estate brokerage, credit cards and private equity fund management, as well as leasing.

The Group encompasses 76 consolidated subsidiaries and 28 affiliates accounted for by the equity method.

The definitions of subsidiaries and affiliates are based on Article 2, Paragraph 8 of the Banking Law, and Article 4-2 of the Order for Enforcement of the Banking Law.

[Economic and Financial Environment]

Looking back on the economic environment during the fiscal year under review, in the domestic economy, improvement in corporate performance was seen mainly in the manufacturing industry due to a correction of the yen’s appreciation following “Quantitative and Qualitative Monetary Easing” policies implemented by the Bank of Japan in April.

An economic recovery trend gradually intensified due to the effects of “Abenomics.” The trend was reflected in an upturn in personal consumption backed by rising prices of stocks and other assets and improved consumer sentiment, an increase in government spending, jobs-to-applicants ratio that rose above 1.0 in the latter half of the year for the first time in approximately six years, and increased momentum in capital investment.

Overseas, signs of a slowdown in the strong growth of emerging markets began to appear, such as the decline in currencies of some emerging markets in connection with quantitative monetary easing measures by the U.S. Federal Reserve Board (FRB) and issues over shadow banking in China. Meanwhile, the situation in financial markets was generally calm, as the U.S. economy maintained a moderate recovery trend, and the Euro-zone economy showed a trend toward bottoming out.

As a result, the trend for a weak yen and high stock prices continued throughout the year in the domestic financial market. The Nikkei Stock Average returned to the 16,000 yen range in late December for the first time in approximately six years. The 10-year bond yield trended downward to the lower 0.6% range at the end of the fiscal year.

[Developments of Business Activities]

As the sole independent financial group in Japan that specializes in trust banking, we worked on various business activities amid these economic and financial conditions. We tried to refine a business model by which we provide distinct added value and to enhance profitability through collaboration among the Group companies.

(Developments of Each Business Segment)

< Trust Banking Business >

- An overview of the trust banking business conducted by the Group with SMTB as the core is described below.

1) Retail Financial Services Business

In the Retail financial services business, with regard to sales operations of investment trusts, life insurance and other products, SMTB sought to strengthen its consulting sales structure with an emphasis on “long-term, distributed and stable” management focused on discretionary investment management products (wrap accounts) and to enhance its product lineup by introducing new insurance products such as installment premium insurance and “Wrap Life.” For loans to individuals, SMTB continued to flexibly set interest rates for housing loan products based on market trends and worked to enhance convenience for clients and expand the balance of loans by introducing new products such as “At-Home Refinancing.” In inheritance-related services, SMTB expanded its business with new clients by starting to provide “Devotion for Grandchildren,” a tuition fund endowment trust. In addition, SMTB worked to enhance services for clients by continuously holding seminars and consultation meetings and enhancing consulting capabilities of its highly specialized financial consultants who possess extensive experience.

SBI Sumishin Net Bank, Ltd. leveraged its strengths as a dedicated internet bank to introduce original home mortgage products, in addition to providing management products such as foreign currency deposits and working to expand settlement and other services.

2) Wholesale Financial Services Business

In the Wholesale financial services business for domestic and overseas corporate clients, SMTB made efforts to propose total solutions that utilize structures such as banking, trusts and real estate in an integrative manner to support the diverse needs of clients and enable them to increase their corporate value. In overseas markets, where demand for financing is strong, SMTB pursued expansion of loans to local subsidiaries of Japanese corporations as well as development of business with non-Japanese corporations to expand loans with them through cooperation with overseas financial institutions. Furthermore, as new areas to be focused on in the domestic market, SMTB worked to make business succession proposals for clients such as business owners and asset administration companies, and worked on consulting and development of new management products to serve the asset management needs of clients such as financial institutions. SMTB also continued to provide an appropriate response to facilitate the financing needs of corporate clients.

3) Stock Transfer Agency Services Business

In the Stock transfer agency services business, SMTB actively worked to strengthen its information provision service to facilitate corporate public relations activities for investors and shareholders, through high quality consulting on issues which are drawing attention primarily of overseas investors such as ESG (environment, society and governance) and trends in the exercise of voting rights by using its abundant information upon the industry’s largest trust service base. In addition, SMTB made efforts to enhance the quality of its administration following the integration of administrative systems and also realized cost reductions by streamlining administration.

4) Real Estate Business

In the Real estate business, SMTB expanded its real estate brokerage business in light of the improving conditions in the domestic real estate market, by strengthening its sales structure including collaboration with client departments in the Retail financial services business and Wholesale financial services business, and expanding the volume of information acquired through various consulting functions concerning construction, investment and other matters. SMTB also actively addressed the globalization of the Real estate business, by responding to the needs of overseas investors for real estate investments within Japan and the needs of Japanese clients who are expanding overseas. With regard to real estate securitization trust business, SMTB made efforts to increase its balance and to reduce costs by streamlining operations.

5) Fiduciary Services Business

In the pension-related business of the Fiduciary services business, SMTB focused on developing new clients as well as further cultivation of business with existing clients for both defined benefit pension services and defined contribution pension services. SMTB leveraged its unique capabilities in provision of information and consulting proposals across both pension systems and asset management along with its high-quality management and administration services. In the asset management and administration services, SMTB made efforts to refine its asset administration to meet client needs, by enhancing its product lineup and improving asset management performance, in addition to proposing customized management schemes. Furthermore, through its overseas subsidiaries and affiliates, SMTB worked to enhance its base to develop management products and asset administration services globally.

In the asset administration business, Japan Trustee Services Bank, Ltd. made efforts to enhance its services in order to improve client satisfaction and worked to bolster competitiveness by reducing costs through streamlining of operations.

6) Global Markets Business

In the treasury and financial products business of the Global markets business, SMTB steadily achieved earnings by controlling risks in a flexible manner in response to the financial environment. In addition, SMTB worked to enhance its consulting proposals to address risks faced by clients related to interest rates, foreign exchange and other factors and to develop new products, as well as expanding and diversifying its foreign currency funding in response to increased business overseas.

- An overview of the Group's Leasing Business and Finance-Related Business is described below.

<Leasing Business>

Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. worked to increase its volume of leases through merchandise sales operators by strengthening its proposal activities to SMTB clients, while focusing on leases of environment-related facilities such as solar power generating systems and LED equipment. It also expanded its client base mainly among Japanese corporations with the establishment of a new local subsidiary in

Singapore.

<Finance-Related Business>

Nikko Asset Management Co., Ltd. focused on the development and provision of new products to meet the needs of investment trust sales companies, in addition to enhancement of sales capabilities for public pensions, financial institutions and other clients. It continued to strengthen its base in Asian markets through its subsidiaries.

Sumitomo Mitsui Trust Asset Management Co., Ltd. strengthened sales support for the Retail financial services business of SMTB by providing investment trust products in addition to holding seminars for clients and training for sales staff. Furthermore, it focused on support for sales companies such as securities companies and regional financial institutions, in an effort to develop a new client base.

Sumitomo Mitsui Trust Loan & Finance Co., Ltd. worked to expand real estate collateralized lending by strengthening cooperation with SMTB and other Group companies, while increasing its external partners for real estate and other businesses.

Sumitomo Mitsui Trust Realty Co., Ltd. strengthened its sales structure in the Tokyo metropolitan area and raised its recognition level through television and other advertising, in an effort to increase housing brokerage services mainly for individual clients and brokerage services for small-scale corporate real estate.

Sumitomo Mitsui Trust Card Co., Ltd. worked to acquire new members by strengthening its sales capabilities while improving services in order to increase the usage rates of existing cardholders and consolidating card brands in an effort to improve profitability.

Sumitomo Mitsui Trust Capital Co., Ltd. worked to develop new investment destinations and to increase the number of external investors who carry out joint investments, while strengthening its monitoring system for existing investment destinations.

(Efforts to Reinforce the Financial Base)

The Group promotes efforts to reinforce its financial base. During the current fiscal year, the Group continued to conduct stringent management of credit control in order to prevent the occurrence of additional non-performing loans.

Meanwhile, as a result of the Group making progress in the task of reducing the balance of cross-shareholdings in a systematic way, the balance of Japanese listed stocks on an acquisition cost basis held across the Group at the current fiscal year-end decreased by 56.6 billion yen year-on-year to 731.1 billion yen.

(Status of CSR Activities)

The Group continues to promote CSR (corporate social responsibility) activities to play an active role in building a sustainable society. During the fiscal year under review, in line with efforts to address ESG (environment, society and governance), which has been the focus of attention in recent years, the Group created a management system to respond to human rights issues by establishing its “Regulations Concerning Human Rights Policy.” In addition, the Group has organized initiatives such as the “Silver College,” series of courses where clients can study how to make thorough preparations for safe, secure and fulfilling retirement

years.

[Results of Business Activities]

(Consolidated Financial Results for the Fiscal Year 2013)

In the current fiscal year, net business profit before credit costs increased 1.2 billion yen from the previous fiscal year to 285.8 billion yen. This was due primarily to increases in fees and commissions of SMTB and contribution from Group companies, despite the disappearance of the one-time effect in the previous fiscal year from the consolidated accounting method of the management integration.

Ordinary profit increased 2.9 billion yen from the previous fiscal year to 258.0 billion yen mainly due to the improvement in total credit costs by 3.0 billion yen from the previous fiscal year, in addition to the above.

As a result, net income increased 3.9 billion yen from the previous fiscal year to 137.6 billion yen, and exceeded the full-year forecast of 130.0 billion yen by 7.6 million yen.

(Segment Information)

Ordinary profit by business segment and the ratio of such profit to ordinary profit before eliminating internal transactions stood at 227.3 billion yen (80.6%) for the trust banking business, 12.0 billion yen (4.3%) for the leasing business, and 42.6 billion yen (15.1%) for other finance-related operations for the consolidated fiscal year under review.

(Assets and Liabilities)

Consolidated total assets increased 4,185.3 billion yen from the end of the previous fiscal year to 41,889.4 billion yen, and consolidated debts increased 4,074.8 billion yen from the end of the previous fiscal year to 39,448.3 billion yen at the end of the consolidated current fiscal year.

As for major accounts, loans and bills discounted increased 1,432.3 billion yen from the end of the previous fiscal year to 23,824.0 billion yen, securities decreased 581.5 billion yen to 5,764.4 billion yen, and deposits increased 1,099.4 billion yen to 24,123.3 billion yen.

As a result, consolidated net assets increased 110.5 billion yen from the end of the previous fiscal year to 2,441.0 billion yen. Aggregate trust assets increased 17,574.4 billion yen from the end of the previous fiscal year to 197,783.2 billion yen.

[Issues to be Addressed]

With a view to establishing a solid position as “The Trust Bank,” a financial institution that is indispensable to our clients and to society, the Sumitomo Mitsui Trust Group will pursue the important themes stated below as we strive to build a new business model by which we provide distinct added value and to enhance our capability to deliver sustainable growth.

Strengthening earnings from existing businesses and building a distinctive business model

Within our existing business areas, we will leverage the business model under which we develop our

banking, trust, real estate and other services in an integrated manner in order to strengthen our sales capabilities both in terms of quality and quantity through close cooperation among our businesses and Group companies, while working to improve the quality of products and services. In addition, we will strive to accelerate development of new businesses through which we provide unique added value services tailored to situations such as the various life stages of clients. In this way, we seek to be a “strategic partner” for corporate clients in a wide range of fields including corporate management, asset management and business development, and to be the “lifelong main bank for assets” of our individual clients by supporting their activities to create, increase, protect and pass on their assets. Moreover, we will further enhance our response to global business.

Strategically allocating business resources while remaining committed to improving efficiency through streamlining

We will promote the allocation of personnel to the strategic areas so that it becomes possible to provide new added value services. We will also pursue an optimal allocation of business resources by efficiently allocating to our existing business areas which contribute to strengthening our fee-based business and enhancing basic earning power, with a view of focusing on retail, global and enhancement of total solutions.

In addition, in light of the temporary increase in costs due to the impact of integration expenses, we will promptly realize cost synergies through branch and office consolidation and IT system integration. At the same time, we will continuously strengthen Group-wide efforts to improve efficiencies and reduce costs in pursuit of sustained improvement in overhead cost ratios.

Strengthening our financial position and elevating the level of risk management and compliance

In view of the tightening of financial regulations, including Basel III, we will pursue higher profitability and efficiency through more effective use of capital, including the implementation of a planned reduction of cross-share holdings, in order to swiftly ensure a stronger and broader financial foundation. We are also working to step up our foreign currency funding in conjunction with the expansion of overseas business.

On the risk management front, integration of the main IT system at SMTB is scheduled to be completed during the fiscal year 2014, and we will therefore make thorough preparations to ensure that the implementation goes smoothly and securely. In addition, we will press ahead with appropriate measures for international financial regulations.

On the compliance front, we will endeavor to carry out exhaustive information management, implement elimination of deals with anti-social forces and strengthen client protection management, as a financial institution that takes trust very seriously.

Expanding consolidated earnings

Individual Group companies also work to expand consolidated earnings as well as to improve efficiency by reducing costs through measures such as strengthening existing business, as well as revitalizing the client base in collaboration with SMTB, discovering new growth fields through cooperation within the Group, and refining the whole Group’s ability to provide solutions.

Finally, structural changes such as the declining birthrate and aging population as well as economic

globalization and unification are steadily advancing in Japan, while the economic environment is currently experiencing an upturn, partly due to the effects of various financial policies and other factors. Amid these conditions, the asset-related issues and needs faced by our clients are tending to become increasingly advanced and complex. Considering this situation, the Group recognizes that we must make even more efforts to better serve our clients.

The Group will provide comprehensive solution that corresponds to our clients' needs with significant expertise and comprehensive capabilities utilizing our "Trustee-ness" and the "Uniqueness of Sumitomo Mitsui Trust Group," along with continuous enhancement of our compliance system to fulfill further social responsibility and public mission.

We would be grateful for your continued understanding and support.

(2) Changes in Financial Position and Results of Operations

a. Changes in Financial Position and Results of Operations (Consolidated Basis)

(100 millions of Yen)

	2010	2011	2012	2013
Ordinary income	3,509	13,232	11,157	11,875
Ordinary profit	847	2,721	2,550	2,580
Net income	472	1,646	1,337	1,376
Comprehensive income	249	1,971	2,796	2,397
Net assets	8,441	23,370	23,304	24,410
Total assets	142,310	343,763	377,040	418,894

- (Notes)
1. Amounts less than 100 million yen are rounded down.
 2. SMTH conducted a share exchange on April 1, 2011, under which SMTH became the parent company and STB became the wholly owned subsidiary. Based on the Accounting Standard for Business Combinations, this share exchange is a reverse acquisition wherein SMTH is considered to be the acquired company and STB to be the acquiring company. Therefore, the consolidated assets and liabilities of SMTH were transferred to the consolidated balance sheets of STB at fair value. As a result, the figures for and after the fiscal year ended March 31, 2012, changed substantially when compared with those for the fiscal year ended March 31, 2011.

b. Changes in Financial Position and Results of Operations (Non-Consolidated Basis)

(100 millions of Yen)

	2010	2011	2012	2013
Operating income	227	412	573	345
Dividends received	171	337	519	295
Dividends received from banking subsidiaries	170	337	518	294
Dividends received from other subsidiaries	0	0	0	0
Net income	Million yen 8,906	Million yen 27,409	Million yen 46,089	Million yen 24,431
Net income per share	Yen 5.37	Yen 5.49	Yen 10.04	Yen 5.13
Total assets	7,941	19,321	17,081	17,559
Investments in banking subsidiaries	7,359	19,072	16,385	16,310
Investments in other subsidiaries	284	148	131	94

- (Notes)
1. Amounts less than 100 million yen are rounded down.
 2. Net income per share is calculated according to ASBJ Statement No. 2 "Accounting Standard for Earnings Per Share."

(3) Employees of the Group

	The end of March 2014			The end of March 2013		
	Trust banking business	Leasing Business	Finance-related operations	Trust banking business	Leasing business	Finance-related Operations
Number of employees	14,519	872	2,118	14,607	900	2,072

- (Notes)
1. Number of Employees includes overseas hires, and excludes contract and temporary staff.
 2. Employees include executive officers who do not have a concurrent position as Director.
 3. Number of Employees includes SMTH employees plus employees of consolidated subsidiaries.

(4) Principal Offices of the Group

a. Trust Banking Business (Sumitomo Mitsui Trust Bank, Limited)

• Principal Offices and the Number Thereof

Domestic: 158 offices, including Tokyo Business Department, Osaka Business Department, Yokohamaeki-Nishiguchi Branch, Kobe Branch, Nagoya Business Department, Chiba Branch, Urawa Branch (156 offices at the end of the previous fiscal year)

Overseas: New York Branch, London Branch, Singapore Branch, Shanghai Branch, Hong Kong Branch

(4 locations at the end of the previous fiscal year)

(Notes) 1. The number of offices includes sub-branches.

2. In addition to the above, there were 5 overseas representative offices as of the end of the current fiscal year (5 locations at the end of the previous fiscal year).

b. Trust Banking Business (principal subsidiary companies and corporations)

Names of principal companies	Principal offices
Japan Trustee Services Bank, Ltd.	Head Office (Tokyo)
Sumitomo Mitsui Trust Guarantee Co. Ltd.	Head Office (Tokyo), Osaka Branch

c. Bank Agencies of the Bank

Name	Place of the principal office	Principal businesses other than banking agency
SBI Sumishin Net Bank, Ltd.	Minato-ku, Tokyo	Banking business

d. Leasing Business

Names of principal companies	Principal offices
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	Head Office (Tokyo), Kansai branches (Osaka)

e. Finance-related Operations

Names of principal companies	Principal offices
Nikko Asset Management Co., Ltd	Head Office (Tokyo)
Sumitomo Mitsui Trust Asset Management Company, Limited	Head Office (Tokyo)
Sumitomo Mitsui Trust Loan & Finance Co., Ltd.	Head Office (Tokyo), Osaka Branch
Sumitomo Mitsui Trust Realty Co., Ltd.	Head Office (Tokyo)
Sumitomo Mitsui Trust Research Institute Co., Ltd.	Head Office (Tokyo)

(5) Capital Investment of the Group

a. Total Amount of Capital Investment

(Millions of Yen)

Business segment	Amount
Trust banking business	59,759
Leasing business	1,166
Finance-related operations	1,304
Total	62,230

(Notes) 1. Amounts less than 1 million yen are rounded down.

2. The above amounts of investment include investments in intangible fixed assets.

3. The above figures are the total amount of capital investment of SMTH and consolidated subsidiaries.

b. Establishment of Principal Facilities, etc.

(New additions and renovations)

(Millions of Yen)

Business segment	Company name	Description	Amount
Trust banking business	Sumitomo Mitsui Trust Bank, Limited	Establishment of the Hong Kong Branch	87
		Establishment of the Meguro Branch	477
		Establishment of the Shinyurigaoka Branch	399
		Establishment of the Ichikawa Branch	479
		Relocation of the Akashi Branch	466
		Relocation of the Shibuya Branch	451
	Investment in Software	38,073	
	Japan Trustee Services Bank, Ltd.	Investment in Software	7,672

(Note) Amounts less than 1 million yen are rounded down.

(Disposal and sales)

Business segment	Company name	Description
Trust banking business	Sumitomo Mitsui Trust Bank, Limited	The Hiroshima-Chuo Branch(old branch)
		Tama-Center ATM Sub-Branch, Shinjuku Branch
		The Keihan-Hirakata Branch (old branch)
		Consulting Plaza Ibaraki-Chuo
		The Osaka-Chuo Branch (old branch)

		The Chiba-Ekimae Branch (old branch)
		The Akashi Branch (old branch)
		The Shibuya Branch (old branch)
		Consulting Plaza Shin-yurigaoka

(6) **Principal Parent Company and Subsidiaries, etc.**

a. Parent Company
Not applicable.

b. Subsidiaries

(Consolidated subsidiaries)

Company name	Location	Main business	Date of establishment	Capital (Millions of Yen)	Percentage of the Company's voting rights (%)	Other
Sumitomo Mitsui Trust Bank, Limited	Chiyoda-ku, Tokyo	Trust business Banking business	July 28, 1925	342,037	100.00	—
Sumitomo Mitsui Trust Asset Management Co., Ltd.	Minato-ku, Tokyo	Investment management business Investment advisory and agency business	November 1, 1986	300	100.00	—
Sumitomo Mitsui Trust Research Institute Co., Ltd.	Minato-ku, Tokyo	Businesses: -Survey, -Research, -Consulting, -Investment advisory	July 1, 1988	300	100.00	—
Japan Trustee Services Bank, Ltd.	Chuo-ku, Tokyo	Trust business Banking business	June 20, 2000	51,000	66.66	—
MTH Preferred Capital 4 (Cayman) Limited	Georgetown, Grand Cayman Island (British Overseas Territory in West Indies)	Finance business	March 10, 2004	10,800	100.00	—
MTH Preferred Capital 5 (Cayman) Limited	Georgetown, Grand Cayman Island (British Overseas Territory in West Indies)	Finance business	February 8, 2007	33,700	100.00	—
CMTH Preferred Capital 6 (Cayman) Limited	Georgetown, Grand Cayman Island (British Overseas Territory in West Indies)	Finance business	January 29, 2008	42,700	100.00	—
CMTH Preferred Capital 7 (Cayman) Limited	Georgetown, Grand Cayman Island (British Overseas Territory in West Indies)	Finance business	November 28, 2008	41,600	100.00	—

Company name	Location	Main business	Date of establishment	Capital (Millions of Yen)	Percentage of the Company's voting rights (%)	Other
Japan Securities Agents, Ltd.	Chuo-ku, Tokyo	Stock transfer agency business	September 13, 1950	500	85.10 (85.10)	—
Nikko Asset Management Co., Ltd.	Minato-ku, Tokyo	Businesses: -Investment management, -Investment advisory	December 1, 1959	17,363	91.34 (91.34)	—
Tokyo Securities Transfer Agent Co., Ltd.	Chiyoda-ku, Tokyo	Stock transfer agency business	November 1, 1962	50	100.00 (100.00)	—
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	Minato-ku, Tokyo	Businesses: -Leasing, -Installment purchase services, -Credit cards	February 27, 1967	25,584	84.89 (84.89)	—
Sumishin Guaranty Company Limited	Minato-ku, Tokyo	Credit guarantee business	August 25, 1977	300	100.00 (100.00)	—
Sumitomo Mitsui Trust Guarantee Co., Ltd.	Minato-ku, Tokyo	Credit guarantee business	July 10, 1978	301	100.00 (100.00)	—
Sumitomo Mitsui Trust Card Co., Ltd.	Minato-ku, Tokyo	Credit card business	June 24, 1983	100	100.00 (100.00)	—
Sumitomo Mitsui Trust Realty Co., Ltd.	Chuo-ku, Tokyo	Real estate brokerage business	January 24, 1986	300	100.00 (100.00)	—
Sumitomo Mitsui Trust General Service Co., Ltd.	Chuo-ku, Tokyo	Real estate rental and management business	April 2, 1988	100	100.00 (100.00)	—
Sumitomo Mitsui Trust Wealth Partners Co., Ltd.	Chiyoda-ku, Tokyo	Consulting business	November 6, 1989	155	100.00 (100.00)	—
Sumitomo Mitsui Trust Loan & Finance Co., Ltd.	Chuo-ku, Tokyo	Money lending business	January 22, 1992	6,000	100.00 (100.00)	—
Sumitomo Mitsui Trust Capital Co., Ltd.	Chuo-ku, Tokyo	Securities investment business	March 1, 2000	1,247	100.00 (100.00)	—
Sumitomo Mitsui Trust Investment Co., Ltd.	Minato-ku, Tokyo	Securities investment business	March 22, 2000	100	100.00 (100.00)	—
Top REIT Asset Management Co., Ltd.	Chuo-ku, Tokyo	Investment institution asset management business	October 22, 2004	300	69.00 (69.00)	—
Sumitomo Mitsui Trust Real Estate Investment Management Co., Ltd.	Chiyoda-ku, Tokyo	Investment management business Investment Advisory business	November 7, 2005	300	100.00 (100.00)	—

Company name	Location	Main business	Date of establishment	Capital (Millions of Yen)	Percentage of the Company's voting rights (%)	Other
Sumitomo Mitsui Trust (Hong Kong) Limited	Hong Kong Special Administrative Region, People's Republic of China	Securities business	July 4, 1978	4,630 [US\$45.00 m]	100.00 (100.00)	—
Sumitomo Mitsui Trust Bank (Luxembourg) S.A.	Howald, Grand Duchy of Luxembourg	Banking business Securities business Trust business	April 22, 1985	3,087 [US\$30.00 m]	100.00 (100.00)	—
Sumitomo Mitsui Trust (UK) Limited	London, U.K.	Trust business	March 6, 1986	305 [£ 1.78m]	100.00 (100.00)	—
Sumitomo Mitsui Trust International Limited	London, U.K.	Securities Business	July 2, 1986	3,424 [£ 20.00m]	100.00 (100.00)	—
Sumitomo Mitsui Trust Bank (U.S.A.) Limited	Hoboken, New Jersey, US	Trust business Banking business	May 20, 2002	5,762 [US\$56.00 m]	100.00 (100.00)	—
Sumitomo Mitsui Trust (Ireland) Limited	Dublin, Ireland	Trust business	June 1, 2004	1,893 [€13.37m]	100.00 (100.00)	—
STB Preferred Capital 3 (Cayman) Limited	Georgetown, Grand Cayman Island (British Overseas Territory in West Indies)	Finance business	February 14, 2007	51,500	100.00 (100.00)	—
STB Preferred Capital 4 (Cayman) Limited	Georgetown, Grand Cayman Island (British Overseas Territory in West Indies)	Finance business	May 26, 2008	111,600	100.00 (100.00)	—

(Affiliates accounted for by the equity method, etc.)

Company name	Location	Main business	Date of establishment	Capital (Millions of Yen)	Percentage of the Company's voting rights (%)	Other
SBI Sumishin Net Bank, Ltd.	Minato-ku, Tokyo	Banking business	June 3, 1986	31,000	50.00 (50.00)	—

(Notes) 1. Amounts less than 1 million yen are rounded down.

2. Capital denominated in foreign currencies is translated into Japanese yen using the exchange rate prevailing at the Company's balance sheet date.

3. Within the parenthesis under the percentage of the Company's voting rights is the percentage of indirectly held voting rights.

4. Outline of the significant business collaborations involving the Company's subsidiaries are as follows:

[Sumitomo Mitsui Trust Bank, Limited]

(1) SMTB has the business alliance with Japan Post Bank Co., Ltd. to provide automatic cash withdrawals and deposit services through mutual use of ATMs, and the Japan Post "YuYu Pack" fixed-time fixed-amount automated account transfer service.

(2) SMTB has the business alliance with E-net Co., Ltd. to provide automatic cash withdrawals, deposits and money transfers via ATMs in a tie-up with convenience stores, etc., by participating in a joint ATM operation business.

(3) SMTB has the business alliance agreement with Seven Bank, Ltd. concerning joint ATMs, and is providing automatic cash withdrawals and deposit services via ATMs.

(4) SMTB provides automatic cash withdrawal service based on the mutual use of ATMs between the Company and AEON BANK, LTD., under a collaboration agreement.

(only at branches of former the Former Chuo Mitsui Trust and Banking Company, Limited)

(5) As of the end of March 2014, SMTB has signed trust agency agreements (*) with 117 financial institutions, business corporations and foundations, for providing trust services to clients.

(*) Trust agency is a collective term for trust agreement agencies under Trust Business Law, and agencies concurrently engaged in trust business under Article 1 of the Law Concerning Financial Institutions' Concurrent Management of Trust Business.

(7) Major Creditors

Not applicable.

(8) Transfer of Businesses

Date of Transfer of Business, etc.	Status of Transfer of Business, etc.
April 3, 2013	Sumitomo Mitsui Trust Bank, Limited, SMTH's consolidated subsidiary, devolved shares of BUSINEXT CORPORATION, a joint company with AIFUL CORPORATION, to New Frontier Partners Co., Ltd. a consolidated subsidiary of AIFUL CORPORATION.

2. Matters regarding Directors and Corporate Auditors

(1) Directors and Corporate Auditors

(As of March 31, 2014)

Name	Position	Responsibility	Significant concurrent positions	Other
Hitoshi Tsunekage	Chairman (Representative Director)		President of SMTB	
Kunitaro Kitamura	President (Representative Director)		Chairman of SMTB	
Akio Otsuka	Deputy President (Representative Director)	General Assistance	Deputy President of SMTB	
Nobuo Iwasaki	Deputy President (Representative Director)	General Assistance	Deputy President of SMTB	
Tetsuo Ohkubo	Director, Senior Managing Executive Officer	Human Resources Department Corporate Administration Department	Director, Senior Managing Executive Officer of SMTB	
Masaru Hashimoto	Director, Managing Executive Officer	Risk Management Department, Compliance Department, Legal Department	Director, Managing Executive Officer of SMTB	
Jun Okuno	Director (Representative Director)	Internal Audit Department	Deputy Chairman of SMTB (Representative Director)	
Kiyoshi Mukohara	Director (Representative Director)		Deputy Chairman of SMTB (Representative Director)	
Toshio Hoshino	Director (External Director)		External Director of SMTB, External Corporate Auditor of RENAISSANCE, INCORPORATED	
Soichi Shinohara	Director (External Director)		External Director of SMTB, Professor, Faculty of Economics, Doshisha University	
Teruhiko Sugita	Senior Corporate Auditor		Senior Corporate Auditor of SMTB	
Takashi Kamikanda	Senior Corporate Auditor		Senior Corporate Auditor of SMTB	

Name	Position	Responsibility	Significant concurrent positions	Other
Hiroyuki Nakanishi	Corporate Auditor (External Corporate Auditor)		External Corporate Auditor of SMTB, Adviser of Mitsui Chemicals, Inc.	
Yasuhiko Takano	Corporate Auditor (External Corporate Auditor)		External Corporate Auditor of SMTB, Attorney-at-Law	
Tetsuya Yoshimoto	Corporate Auditor (External Corporate Auditor)		External Corporate Auditor of SMTB	
Shinichi Saito	Corporate Auditor (External Corporate Auditor)		External Corporate Auditor of SMTB President and CEO, Japan Industrial Solutions, Ltd.	(Note) Please refer to 4.

(Notes) 1. Messrs. Toshio Hoshino and Soichi Shinohara are External Directors as provided for in Article 2, Paragraph 15 of the Companies Act.

2. Messrs. Hiroyuki Nakanishi, Yasuhiko Takano, Tetsuya Yoshimoto and Shinichi Saito are External Corporate Auditors as provided for in Article 2, Paragraph 16 of the Companies Act.

3. Messrs. Toshio Hoshino, Soichi Shinohara, Hiroyuki Nakanishi, Yasuhiko Takano, Tetsuya Yoshimoto and Shinichi Saito have all been registered with the Tokyo Stock Exchange and the Nagoya Stock Exchange, as independent officers according to the provisions of rules at each stock exchange.

4. Mr. Shinichi Saito, having served as an executive officer and general manager of the finance department at a general trading company and a general manager at a major auditing firm, has considerable knowledge and experience in finance and accounting.

5. Messrs. Hitoshi Maeda and Toshio Hoshino resigned as Corporate Auditors at the end of the 2nd Ordinary General Meeting of Shareholders and the Class Meeting of Ordinary Shareholders on June 27, 2013. Mr. Toshio Hoshino was inaugurated as Director on the same date.

(2) Compensation, etc. for Directors and Corporate Auditors

(Millions of Yen)

Classification	Persons paid	Compensation, etc.
Directors	11	169 (of this, 0 is not compensation)
Corporate Auditors	9	47 (of this, 0 is not compensation)
Total	20	217 (of this, 0 is not compensation)

(Notes) 1. The compensation data is on an annual basis with amounts less than 1 million yen truncated.

2. The number of Directors paid includes one former director who resigned at the end of the 2nd Ordinary General Meeting of Shareholders. The number of Corporate Auditors paid also includes three former corporate auditors who resigned at the end of the 2nd Ordinary General Meeting of Shareholders.

3. Compensation limits decided at the general meeting of shareholders are 30 million yen per month for Directors and 9 million yen per month for Corporate Auditors. The amount of compensation, etc. regarding stock options (share acquisition rights) is 20 million yen per year for Directors, apart from the current amount of compensation for Directors.

4. Compensation, etc. includes 2 million yen provisions for stock options (share acquisition rights) to be allocated to Directors.
5. Compensation for Directors is intended to function effectively as incentives for improvement of corporate performance and expansion of corporate value in order to achieve steady and sustainable growth of the Group. Compensation for Directors is also aimed at reflecting corporate performance, the contribution of each Director to corporate performance, efforts for expansion of business operations in the medium and long term, and for improvement of corporate value, and so forth. Based on an annual compensation policy determined by the Board of Directors and on an objective evaluation made by the Performance Evaluation Committee, the amount of compensation, etc. for Directors is determined. Compensation for Corporate Auditors is designed to be stable remuneration which is independent of business performance.
6. The total amount of compensation, etc. for Directors and Corporate Auditors of the Company paid by the Company and its consolidated subsidiaries is expected to be 491 million yen for a total of eleven Directors and 95 million yen for a total of nine Corporate Auditors.

3. Matters regarding External Directors and External Corporate Auditors

(1) Concurrent Positions and Other Details on External Directors and External Corporate Auditors

(As of March 31, 2014)

Name	Concurrent positions and other details
Toshio Hoshino	External Director of SMTB, External Corporate Auditor of RENAISSANCE, INCORPORATED
Soichi Shinohara	External Director of SMTB, Professor, Faculty of Economics, Doshisha University
Hiroyuki Nakanishi	External Corporate Auditor of SMTB, Adviser of Mitsui Chemicals, Inc.
Yasuhiko Takano	External Corporate Auditor of SMTB
Tetsuya Yoshimoto	External Corporate Auditor of SMTB
Shinichi Saito	External Corporate Auditor of SMTB President and CEO, Japan Industrial Solutions, Ltd.

(Notes) 1. SMTB is the Company's subsidiary.

2. The Company has no special interest between other corporations in which external directors and external corporate auditors have concurrent positions.

(2) Major Activities of External Directors and External Corporate Auditors

Name	Term of office	Attendance at Board of Directors meetings and Board of Corporate Auditors meetings	Statements and other activities at Board of Directors meetings and Board of Corporate Auditors meetings
Toshio Hoshino	9 months	He attended all 17 Board of Directors meetings held after his assumption of office.	He presented his insights from the viewpoint of an experienced corporate executive.
Soichi Shinohara	9 months	He attended 15 of the 17 Board of Directors meetings held after his inauguration as Director.	He presented his insights from the viewpoint of an expert on international economics and macroeconomics.
Hiroyuki Nakanishi	4 year and 9 months	He attended 23 of the 24 Board of Directors meetings and all 19 Board of Corporate Auditors meetings held during the current fiscal year.	He presented his insights from the viewpoint of an experienced corporate executive.

Yasuhiko Takano	7 year and 9 months	He attended all 24 Board of Directors meetings and all 19 Board of Corporate Auditors meetings held during the current fiscal year.	He presented his insights from the viewpoint of an experienced lawyer.
Tetsuya Yoshimoto	9 months	He attended all 17 Board of Directors meetings and all 14 Board of Corporate Auditors meetings held after his assumption of office.	He presented his insights from the viewpoint of an experienced lawyer.
Shinichi Saito	9 months	He attended all 17 Board of Directors meetings and all 14 Board of Corporate Auditors meetings held after his inauguration as Corporate Auditor.	He presented his insights from the viewpoint of an experienced corporate executive.

(Note) Terms of office of less than one month are rounded down.

(3) Liability Limitation Agreements

Name	Summary of Liability Limitation Agreement
(External Directors) Toshio Hoshino Soichi Shinohara (External Corporate Auditor) Hiroyuki Nakanishi Yasuhiko Takano Tetsuya Yoshimoto Shinichi Saito	Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with each of External Directors and External Corporate Auditors listed on the left to limit their liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act. The limitation of liability under such agreement shall be the Minimum Liability Amount provided for by laws or regulations.

(4) Compensation, etc. for the External Officers

(Millions of Yen)

	Persons paid	Compensation, etc. paid by the Company	Compensation, etc. paid by parent company, etc., of the Company
Total amount of compensation, etc.	8	22	22

(Note) Amounts less than 1 million yen are rounded down.

4. Matters regarding Shares of the Company (as of March 31, 2014)

(1) Number of Shares

Total number of shares authorized to be issued	9,009,000 thousand shares
(Details)	
Common share	8,500,000 thousand shares
First Series Class VII Preferred share	109,000 thousand shares
First Series Class VIII Preferred share	100,000 thousand shares (note 1.)
Second Series Class VIII Preferred share	100,000 thousand shares (note 1.)
Third Series Class VIII Preferred share	100,000 thousand shares (note 1.)
Fourth Series Class VIII Preferred share	100,000 thousand shares (note 1.)
First Series Class IX Preferred share	100,000 thousand shares (note 2.)
Second Series Class IX Preferred share	100,000 thousand shares (note 2.)
Third Series Class IX Preferred share	100,000 thousand shares (note 2.)
Fourth Series Class IX Preferred share	100,000 thousand shares (note 2.)
First Series Class X Preferred share	200,000 thousand shares (note 3.)
Second Series Class X Preferred share	200,000 thousand shares (note 3.)
Third Series Class X Preferred share	200,000 thousand shares (note 3.)
Fourth Series Class X Preferred share	200,000 thousand shares (note 3.)
First Series Class XI Preferred share	100,000 thousand shares (note 1.)
Second Series Class XI Preferred share	100,000 thousand shares (note 1.)
Third Series Class XI Preferred share	100,000 thousand shares (note 1.)
Fourth Series Class XI Preferred share	100,000 thousand shares (note 1.)
First Series Class XII Preferred share	100,000 thousand shares (note 1.)
Second Series Class XII Preferred share	100,000 thousand shares (note 1.)
Third Series Class XII Preferred share	100,000 thousand shares (note 1.)
Fourth Series Class XII Preferred share	100,000 thousand shares (note 1.)
First Series Class XIII Preferred share	100,000 thousand shares (note 2.)
Second Series Class XIII Preferred share	100,000 thousand shares (note 2.)
Third Series Class XIII Preferred share	100,000 thousand shares (note 2.)
Fourth Series Class XIII Preferred share	100,000 thousand shares (note 2.)
First Series Class XIV Preferred share	100,000 thousand shares (note 2.)
Second Series Class XIV Preferred share	100,000 thousand shares (note 2.)
Third Series Class XIV Preferred share	100,000 thousand shares (note 2.)
Fourth Series Class XIV Preferred share	100,000 thousand shares (note 2.)
First Series Class XV Preferred share	200,000 thousand shares (note 3.)
Second Series Class XV Preferred share	200,000 thousand shares (note 3.)
Third Series Class XV Preferred share	200,000 thousand shares (note 3.)
Fourth Series Class XV Preferred share	200,000 thousand shares (note 3.)

First Series Class XVI Preferred share	200,000 thousand shares (note 3.)
Second Series Class XVI Preferred share	200,000 thousand shares (note 3.)
Third Series Class XVI Preferred share	200,000 thousand shares (note 3.)
Fourth Series Class XVI Preferred share	200,000 thousand shares (note 3.)

- (Notes) 1. Aggregated total number of authorized shares of the First through Fourth Series Class VIII Preferred shares, that of the First through Fourth Series Class XI Preferred shares, and that of the First through Fourth Series Class XII Preferred shares shall not exceed 100,000 thousand shares.
2. Aggregated total number of authorized shares of the First through Fourth Series Class IX Preferred shares, that of the First through Fourth Series Class XIII Preferred shares, and that of the First through Fourth Series Class XIV Preferred shares shall not exceed 100,000 thousand shares.
3. Aggregated total number of authorized shares of the First through Fourth Series Class X Preferred shares, that of the First through Fourth Series Class XV Preferred shares, and that of the First through Fourth Series Class XVI Preferred shares shall not exceed 200,000 thousand shares.

Total number of shares issued		4,012,486 thousand shares
(Details)	Common share	3,903,486 thousand shares
	Preferred share	109,000 thousand shares

- (Notes) 1. Numbers of shares are rounded down to the nearest thousand shares.
2. Preferred shares indicate 109,000 thousand First Series Class VII Preferred shares.

(2) Number of Shareholders as of March 31, 2014		77,342
	Common share	77,317
	Preferred share	25

(3) Major Shareholders

Common Share

Name of shareholder	Investment in the Company by the shareholder	
	Number of shares held (Thousands)	Percentage of total shares (%)
The Bank of New York Mellon SA/NV 10	156,127	4.00
State Street Bank and Trust Company	154,407	3.95
Japan Trustee Services Bank, Ltd. (Trust Account)	147,281	3.77
The Master Trust Bank of Japan, Ltd. (Trust Account)	141,159	3.61
State Street Bank and Trust Company 505225	63,517	1.62
The Bank of New York Mellon as Depositary Bank for Deposit Receipt Holders	59,482	1.52
The Chase Manhattan Bank N.A. London Secs Lending Omnibus Account	58,009	1.48
Japan Trustee Services Bank, Ltd. (Trust Account 9)	51,662	1.32
State Street Bank West Client – Treaty	40,620	1.04
Japan Trustee Services Bank, Ltd. (Trust Account 6)	40,431	1.03

(Notes) 1. Numbers of shares held are rounded down to the nearest thousand shares.

2. The above table includes no shares which the Company own by itself, 1,359,952 shares.

Percentage of total shares is rounded down to 2 decimal places.

Preferred Share (First Series Class VII Preferred Shares)

Name of shareholder	Investment in the Company by the shareholder	
	Number of shares held (Thousands)	Percentage of total shares (%)
Sumitomo Corporation	15,000	13.76
Sumitomo Realty & Development Co., Ltd.	14,000	12.84
Mitsui Life Insurance Company Limited	5,000	4.58
DAIDO LIFE INSURANCE COMPANY	5,000	4.58
Mitsui Sumitomo Insurance Company Limited	5,000	4.58
Sumitomo Chemical Co., Ltd.	5,000	4.58
Idemitsu Kosan Co., Ltd.	5,000	4.58
Toyo Seikan Group Holdings, Ltd.	5,000	4.58
TOKYU CORPORATION	5,000	4.58
ITOCHU Corporation	5,000	4.58
Keio Corporation	5,000	4.58
Sumitomo Metal Mining Co., Ltd.	5,000	4.58
NEC Corporation	5,000	4.58
Marubeni Corporation	5,000	4.58

(Notes) 1. Numbers of shares held are rounded down to the nearest thousand shares.

2. Percentage of total shares is rounded down to 2 decimal places.

5. Matters regarding Share Acquisition Rights, etc. of the Company

The outline of the share acquisition rights issued to directors and executive officers of the Company and its subsidiaries SMTB in compensation for the execution of their duties according to the provisions of Article 238 and Article 240 of the Companies Act is described as below.

	Date of allotment of share acquisition rights	Number of share acquisition rights	Number and type of shares to be issued for share acquisition rights	Issue price (per share acquisition right)	Exercise price (per share)	Exercise Period
First Series Share Acquisition Rights	July 26, 2011	286	Common share: 286,000 shares	62,000 yen	400 yen	From July 26, 2013 to July 25, 2021
Second Series Share Acquisition Rights	July 18, 2012	260	Common share: 260,000 shares	34,000 yen	400 yen	From July 18, 2014 to July 17, 2022
Third Series Share Acquisition Rights	July 19, 2013	398	Common share: 398,000 shares	146,000 yen	519 yen	From July 19, 2015 to July 18, 2023

(1) The Company's Share Acquisition Rights Held by the Company's Directors as of March 31, 2014

	Second Series Share Acquisition Rights	Number and type of shares to be issued for share acquisition rights	Directors	
			Number of holders	Number of share acquisition rights held
First Series Share Acquisition Rights	51	Common share: 51,000 shares	8	51
Second Series Share Acquisition Rights	54	Common share: 54,000 shares	8	54
Third Series Share Acquisition Rights	83	Common share: 83,000 shares	8	83

(2) The Company's Share Acquisition Rights Granted to the Employees (Executive Officers), etc. during the Current Fiscal Year

	Third Series Share Acquisition Rights	Number and type of shares to be issued for share acquisition rights	Employees (executive officers)		Directors and employees (executive officers) of the subsidiaries	
			Number of eligible persons	Number of share acquisition rights granted	Number of eligible persons	Number of share acquisition rights granted
Third Series Share Acquisition Rights	315	Common share: 315,000 shares	14	94	38	221

6. Matters regarding the Accounting Auditor

(1) Accounting Auditor

(Millions of Yen)

Name	Compensation, etc. for the fiscal year	Other
KPMG AZSA LLC Designated Unlimited Liability Partner CPA Hiroyuki Takanami Designated Unlimited Liability Partner CPA Kanako Ogura Designated Unlimited Liability Partner CPA Katsuya Ishii	58	SMTH commissions and pays certified public accountants for non-audit services, other than those defined in Article 2, Paragraph 1 of the Certified Public Accountants Act. These services include researches regarding the calculation of capital adequacy ratio based on the agreed procedure.

(Notes) 1. Amounts less than 1 million yen are rounded down.

2. The audit agreement between the Company and accounting auditor does not distinguish between compensation for audits performed under the Companies Act and compensation for audits performed under the Financial Instruments and Exchange Act and such amounts cannot be separated practically. Accordingly, the Company states the total amount of compensation.

3. Total sums of the monetary and other economic benefits (including the above) payable to KPMG AZSA LLC by the Company and its subsidiaries are 677 million yen.

(2) Liability Limitation Agreement

Not applicable.

(3) Other Matters regarding the Accounting Auditor

a. Policy for Decisions on Dismissal or Non Re-appointment of accounting auditor

The Company may submit a proposal for dismissal or non re-appointment of accounting auditor to the general meeting of shareholders, according to the procedure stipulated by the Companies Act and other laws and regulations, if the accounting auditor is found to be causing trouble for the Company.

If such proposal is based on the circumstance of accounting auditor applicable to the provisions of items of Article 340, Paragraph 1 of the Companies Act, however, the Board of Corporate Auditors may dismiss the accounting auditor at its own discretion, and report such dismissal with the reasons thereof to the general meeting of shareholders, according to relevant laws and regulations.

b. Policy in the exercise of the authority delegated to the Board of Directors under the provision of the Articles of Incorporation, according to the provisions of Article 459, Paragraph 1 of the Companies Act

With the purpose to ensure flexible capital policy, the Company is allowed under its Articles of Incorporation to carry out treasury stock acquisition prescribed by Article 459, Paragraph 1, Item 1, of the Companies Act, based on a resolution of the Board of Directors. Such treasury stock acquisition, however, shall be appropriately decided based on the overall judgment in consideration of the factors including the Company's business results and capital adequacy.

c. Accounting auditor of the Company's significant subsidiaries

Among the Company's significant subsidiaries, Sumitomo Mitsui Trust (Hong Kong) Limited, Sumitomo Mitsui Trust Bank (Luxembourg) S.A., Sumitomo Mitsui Trust (UK) Limited, Sumitomo Mitsui Trust International Limited, Sumitomo Mitsui Trust Bank(U.S.A.) Limited, Sumitomo Mitsui Trust (Ireland) Limited are audited by audit corporations (including ones in foreign countries holding a qualification equivalent to the Japanese qualification) other than the accounting auditor of the Company.

7. System to Ensure Appropriate Conduct of Operations

The following is the description of the system to ensure appropriate conduct of operations of the Company, as decided by the Board of Directors.

(1) Compliance Structure

• To ensure that officers and employees execute their business in compliance with laws and regulations as well as the Articles of Incorporation, the following measures are taken.

- 1) Basic compliance policies for the Group will be established.
- 2) With respect to important issues pertaining to compliance, resolutions and reports will be undertaken by the Board of Directors.
- 3) A supervisory unit for compliance will be set up at the head office. In addition, each division will assign a person of action and a person of authority.
- 4) A compliance program – a concrete action plan to ensure compliance – will be formulated each fiscal year, and instructions will be passed on to the companies whose shares are directly held by the

Company, etc. for preparing their own plans. The status of these plans – in terms of improvements made and goals achieved – will be monitored and evaluated.

- 5) A handbook (compliance manual) for officers and employees will be formulated. Opportunities for compliance-oriented education and training will be offered to them on an ongoing basis.
- 6) Officers and employees must report violations of laws pertaining to the Company's business operation, and a compliance hotline system will be established to enable officers and employees, etc. to report directly to special contact points both in-house and outside the Company.
- 7) The Company and its subsidiaries will take a firm stand to prevent dealings with antisocial forces and will maintain no association whatsoever with such elements. A structure, underpinned by close ties with external professionals, particularly the police, will be put in place to promote communication and cooperation among relevant divisions and departments and thereby facilitate an organized response in the event an executive or an employee is approached with an inappropriate request. Under no circumstances will we engage in transactions to benefit persons or organizations that threaten the order and safety of civil society.

(2) Risk Management Structure

- The following measures are taken to develop a system including rules on the risk management of potential losses.
 - 1) Basic risk management policies for the Group will be established.
 - 2) With respect to important issues pertaining to risk management, resolution and reports will be undertaken by the Board of Directors.
 - 3) A supervisory unit for risk management will be set up at the head office, and a risk management unit will be established for each risk category.
 - 4) A plan pertaining to risk management for the Group will be formulated and instructions will be passed on to the companies whose shares are directly held by the Company, etc. for preparing their own plans. The status of these plans – in terms of improvements made and goals achieved – will be monitored and evaluated.
 - 5) Opportunities for risk management-oriented education and training will be offered to officers and employees on an ongoing basis.

(3) Structure for Execution of Duties

- The following measures are taken to develop a system to ensure that employees and officers execute their business efficiently.
 - 1) Key matters up for resolution or reporting by the Board of Directors will undergo preliminary discussion by the Executive Committee, which the president chairs and relevant officers attend.
 - 2) The Board of Directors will set out the basic items pertaining to the Company's organizational structure and the division of duties, as well as the staff organization and authority granted to

executives, to ensure the smooth execution of duties and appropriate conduct.

- 3) In-house regulations will be prepared in accordance with relevant legislation, and in the event said legislation is revised or abrogated, required amendments to in-house regulations will be implemented forthwith.

(4) Ensuring Management Transparency

- The following measures are taken to develop a system to ensure management transparency.
 - 1) Internal control systems pertaining to financial reporting will be developed to ensure the appropriateness of accounting treatment and reliability of financial reporting, and the effectiveness of the systems will be evaluated.
 - 2) Management-related information will be managed appropriately and disclosed in a timely, accurate and fair manner.

(5) The Group Management Structure

- The following measures are taken to develop a system to ensure appropriate conduct of operations within the Group.
 - 1) The Company will develop compliance and risk management structures applicable to the entire Group.
 - 2) The Company will verify intra-Group transactions of particular significance to the Group from the perspectives of risk management, compliance, and consistency with the Group's strategic objectives.
 - 3) Business operation of subsidiaries, etc. will be managed properly according to the size and characteristics of their activities.

(6) Information Storage and Management Structure

- The following measures are taken to develop an effective system for the storage and management of information associated with the execution of business by officers and employees.
 - 1) Minutes, which record progress on agendas and specific points of discussion, will be prepared at the General Meeting of Shareholders and at Board of Directors and Executive Committee meetings and kept with related materials.
 - 2) The Board of Directors will set out the basic items pertaining to information storage and management, such as the organizational structure for information management and the classification of management categories, according to importance.

(7) Internal Audit Structure

- The following measures are taken to develop a system to verify and evaluate the appropriateness and effectiveness of internal management structures of the Group in terms of compliance, risk management

and other aspects.

- 1) An internal auditing division, which is independent from business execution divisions and sufficiently capable of fulfilling a restraining function, will be established.
- 2) Internal audit plans and policies for developing internal audit structures for the Group will be established, and the internal auditing division will conduct audits of each business execution division and, if necessary, of subsidiaries, etc. and point out matters to be improved and make recommendations thereof.
- 3) Results of internal audits and the status of internal audit plans –in terms of progress and goals achieved –will be reported to the Board of Directors in a timely and appropriate manner.

(8) Structure for Corporate Auditors' Audits

• The following measures are taken to develop a system to ensure effective execution of business by Corporate Auditors.

- 1) Employees assisting Corporate Auditors in their duties
At the request of Corporate Auditors, the Corporate Auditors Office will be established to assist Corporate Auditors in their execution of duties and an appropriate number of employees, including one office manager, will be assigned therein.
- 2) Employees assisting Corporate Auditors in their duties independent of directors
Employees assigned to the Corporate Auditors Office will not take orders or instructions from directors, and prior consultations with Corporate Auditors will be required with regard to matters related to personnel matters and handling of the employees.
- 3) System of reports from directors, executive officers and employees to Corporate Auditors
Directors, executive officers and employees will report the following matters to Corporate Auditors.
 - (i) Facts about possible significant damage to the Company, or material facts about violations of laws, regulations or the Articles of Incorporation
 - (ii) Status of reports to the compliance hotline system
 - (iii) Status of internal audit processes and the results thereof
 - (iv) Status of business execution and any other matters to be reported to Corporate Auditors
- 4) Other systems to ensure the effectiveness of Corporate Auditors' audits
 - (i) Directors, executive officers and employees will cooperate with Corporate Auditors in good faith in the audit activities.
 - (ii) Corporate Auditors may attend meetings of the Board of Directors and the Executive Committee as well as any other meetings they deem necessary to the execution of their duties.
 - (iii) Representative Directors will exchange views with Corporate Auditors on a periodical basis and at the request of Corporate Auditors.
 - (iv) The internal auditing division will exchange views with Corporate Auditors on a periodical

basis and at the request of Corporate Auditors.

(v) Corporate Auditors can request an additional audit by the internal auditing division and insist on other pertinent measures, when the situation calls for further action.

(vi) Directors will establish a system to strengthen the coordination with Corporate Auditors and the accounting auditor.

(vii) Directors will develop a system to ensure the effectiveness of Corporate Auditors' audits across the Group, for example, at the request of Corporate Auditors, by assigning corporate auditors of subsidiaries, etc. who concurrently serve as the Company's Corporate Auditors.