

Process 2

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



Creating Shared Value

Companies are, in their main business, strongly required to conform to society and meet its demands by sincerely addressing the core subjects of ISO 26000 (guidance on social responsibility). From this viewpoint, the Group has been working to advance its governance, compliance, and risk management. We are dedicated to creating a corporate culture of respect for human rights, and wish to contribute to the realization of a fair and just society in which human rights are respected. We are also dedicated to reducing the environmental burden of our business activities. In these ways, we are working to improve our alignment with society to help the Group to strengthen its corporate foundation and contribute to increased long-term economic value.



Corporate Governance, Internal Control

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



Outline of Corporate Governance System

Role of Sumitomo Mitsui Trust Holdings in the Group

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

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

Business Execution and Supervision System

As part of an effort to implement group management strategies effectively, some of the directors of SuMiTB are concurrently serving as directors of SuMiHD.

The Board of Directors of SuMiHD is composed of ten directors and is chaired by its Chairman. SuMiHD has also

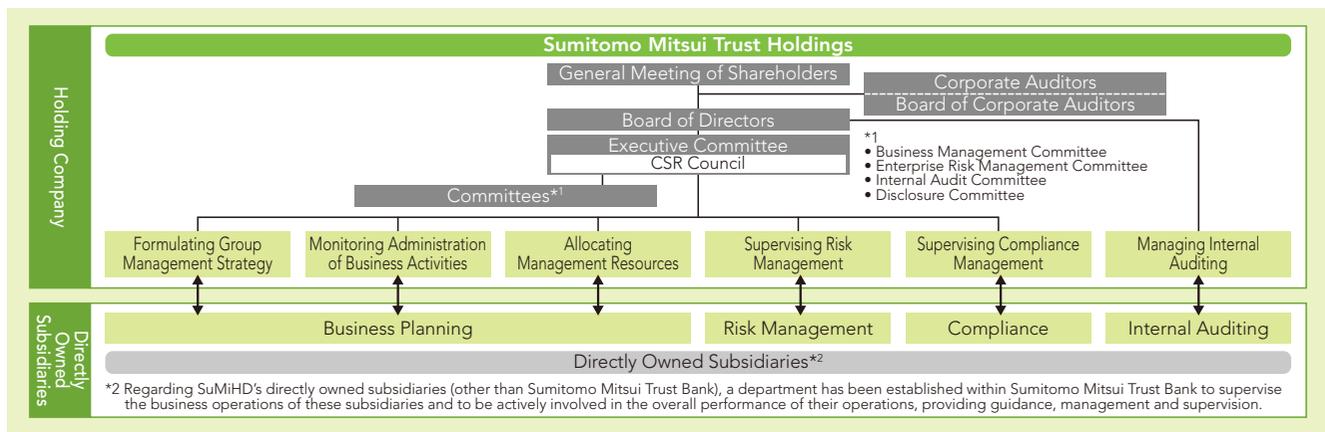
appointed two external directors, as part of the initiative to enhance management transparency and reinforce monitoring functions. In view of the business environment, which continues to experience huge changes, the directors' term of office is set at one year to better clarify their management responsibility.

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

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

Furthermore, SuMiTB is taking measures when appropriate for sharing information and enhancing insights among officers with respect to matters concerning basic management policies, as well as material issues relating to each

Corporate Governance System



division. In 2014, capital market reforms were progressing rapidly and significantly affecting corporate governance, as seen in implementation of Japan's Stewardship Code. Amid this environment, SuMiTB hosted a workshop with members of board of directors and executive officers, studying on the dialogue with institutional investors who are capable of raising corporate value.

Internal Control

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

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

Audit

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

In accordance with the policy on audit and the allocation of duties determined by the Board of Corporate Auditors, the corporate auditors attend the Board of

Directors and other important meetings, and receive reports from directors regarding the status of execution of duties. They also browse important documents, investigate the headquarters, receive business reports from subsidiaries as necessary, etc. They thereby audit the directors' execution of duties.

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

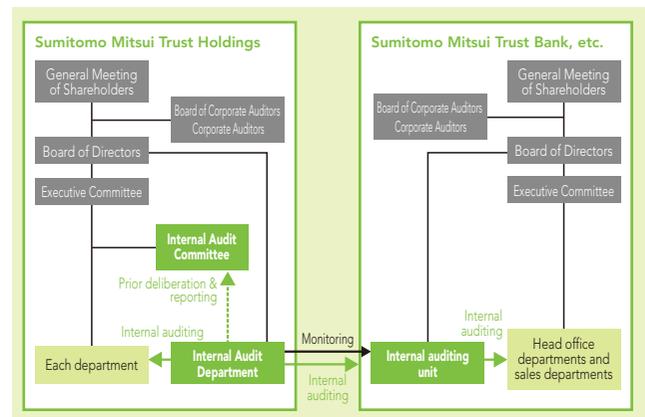
Corporate auditors hold periodic meetings with the Independent Auditors, receiving auditing information, as well as reports on auditing plans, status of auditing performed, auditing results, etc., in addition to exchanging opinions and sharing information. They also monitor and verify whether the Independent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

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

Basic Policy on Internal Control System Structure



Internal Auditing Implementation System



Independence of Officers

(1) Directors

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

Reasons for the Appointment of External Directors

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

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

(2) Corporate Auditors

The Board of Corporate Auditors at SuMiHD comprises a total of six corporate auditors, two full-time and four part-time (external auditors). Of these auditors, the four external auditors are in place to ensure the independence of audit functions. Furthermore, these four external auditors were appointed as independent officers, on the basis of their career background and other relevant factors and as they

were believed to be free from potential conflict of interest with public shareholders of SuMiHD.

Reasons for the Appointment of External Auditors

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

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

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

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

With this structure, SuMiHD makes efforts such as holding regular meetings for an exchange of views among External Directors, External Corporate Auditors, and the Directors to increase the transparency of the management.

Involvement with SuMiHD (1)

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

*1 Main area of involvement with SuMiHD

- Current or former executive of an affiliated company
- Large shareholder of SuMiHD
- Concurrently serving as external director or external auditor of another company
- Concurrently serving as executive director or executive officer of another company
- Spouse, relative within the third degree of kinship or other related party of similar nature of an executive director or an executive officer at SuMiHD, or at a specified related business operator of SuMiHD
- Having reached an agreement for limitation of liability with SuMiHD
- Others

Involvement with SuMiHD (2)

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

*1 Main area of involvement with SuMiHD

- Current or former executive of an affiliated company
- Large shareholder of SuMiHD
- Concurrently serving as external director or external auditor of another company
- Concurrently serving as executive director or executive officer of another company
- Spouse, relative within the third degree of kinship or other related party of similar nature of an executive director or an executive officer at SuMiHD, or at a specified related business operator of SuMiHD
- Having reached an agreement for limitation of liability with SuMiHD
- Others

Board of Directors and Corporate Auditors (As of December 24, 2014)

Board of Directors



Hitoshi Tsunekage
Chairman
(Representative Director)

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



Akio Otsuka
Deputy President
(Representative Director)

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



Tetsuo Ohkubo
Director, Senior Managing Executive Officer

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



Jun Okuno
Director
(Representative Director)

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



Toshio Hoshino
Director
(External Director)*

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



Kunitaro Kitamura
President
(Representative Director)

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



Nobuo Iwasaki
Deputy President
(Representative Director)

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



Masaru Hashimoto
Director, Managing Executive Officer

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



Kiyoshi Mukohara
Director
(Representative Director)

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



Soichi Shinohara
Director
(External Director)*

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

(*) Toshio Hoshino and Soichi Shinohara are external directors defined in Article 2, Item 15 of the Ordinance for Enforcement of the Companies Act.

Corporate Auditors



Teruhiko Sugita
Senior Corporate Auditor

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



Hiroyuki Nakanishi
Corporate Auditor
(External Auditor)*

April, 1966 Joined Mitsui Petrochemical Industries, Ltd. ("MPC")
June, 1991 Appointed Board Member and General Manager of Iwakuni-Ohtake Works of MPC
June, 1993 Appointed Managing Director of Corporate Plans of MPC
June, 1996 Appointed Senior Managing Director of Corporate Plans of MPC
June, 1997 Appointed Executive Vice President of Corporate Plans of Mitsui Chemicals, Inc. ("MC") (pursuant to the merger between MPC and Mitsui Toatsu Chemicals, Inc.)
October, 1997 Appointed President of MC
June, 1999 Appointed Chairman and President of MC
June, 2003 Appointed Chairman of the Board of MC
June, 2005 Appointed Advisor of MC
June, 2009 Appointed Corporate Auditor (External Auditor) of CMTH
Appointed Corporate Auditor (External Auditor) of CMTB
April, 2011 Appointed Corporate Auditor (External Auditor)* of SuMiHD (Current Position)
April, 2012 Appointed Corporate Auditor (External Auditor)* of SuMiTB (Current Position)
June, 2013 Appointed Advisor of MC (Current Position)



Tetsuya Yoshimoto
Corporate Auditor
(External Auditor)*

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



Takashi Kamikanda
Senior Corporate Auditor

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



Yasuhiko Takano
Corporate Auditor
(External Auditor)*

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



Shinichi Saito
Corporate Auditor
(External Auditor)*

April, 1971 Joined Marubeni-Iida Co., Ltd. ("MI") (currently, Marubeni Corporation)
June, 2001 Appointed Executive Officer and General Manager of the Finance Department of MI
April, 2002 Appointed Executive Officer and General Manager of the PR/IR Department of MI
September, 2002 Retired Executive Officer of MI
January, 2003 Joined Ernst & Young Global Finance Services Co., Ltd.
July, 2004 Appointed as a member of the Enterprise Turnaround Review Committee of the RCC (Current Position)
Appointed Representative Director of Ernst & Young Transaction Advisory Services Co., Ltd. ("EYTAS")
July, 2009 Appointed Representative Director and CEO of EYTAS
July, 2010 Appointed Managing Director, General Manager of the Accounting and Business Development Division of the Global Markets Office of Ernst & Young ShinNihon LLC ("EYSN")
Retired EYSN
April, 2013 Appointed Representative Director, President and CEO of Japan Industrial Solutions, Ltd. (Current Position)
May, 2013 Appointed Corporate Auditor (External Auditor)* of SuMiHD (Current Position)
June, 2013 Appointed Corporate Auditor (External Auditor)* of SuMiTB (Current Position)
July, 2014 Appointed Director of UNITIKA LTD. (Current Position)

(*) Hiroyuki Nakanishi, Yasuhiko Takano, Tetsuya Yoshimoto and Shinichi Saito are external auditors defined in Article 2, Item 16 of the Ordinance for Enforcement of the Companies Act.

External Directors' Attendance at Board of Directors Meetings

Toshio Hoshino*	Attended all 14 Board of Directors meetings
Soichi Shinohara*	Attended 11 of 14 Board of Directors meetings

* Attendance in the period from April 4, 2014 to November 30, 2014

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

Hiroyuki Nakanishi*	Attended all 14 Board of Directors meetings Attended all 11 Board of Corporate Auditors meetings
Yasuhiko Takano*	Attended all 14 Board of Directors meetings Attended all 11 Board of Corporate Auditors meetings
Tetsuya Yoshimoto*	Attended all 14 Board of Directors meetings Attended all 11 Board of Corporate Auditors meetings
Shinichi Saito*	Attended 12 of 14 Board of Directors meetings Attended 10 of 11 Board of Corporate Auditors meetings

* Attendance in the period from April 4, 2014 to November 30, 2014

Information Disclosure System

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

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

Disclosure of Matters Regarding Compensation

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

Scope of "Applicable Officers and Employees"

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

Scope of the "Applicable Officers"

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

Scope of "Applicable Employees, etc."

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

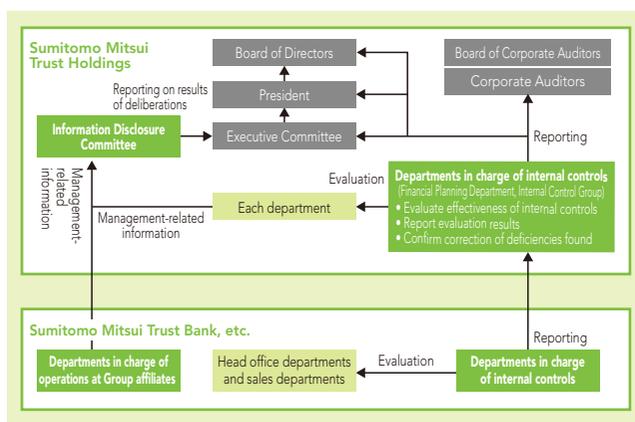
Determination of Compensation for Applicable Officers and Employees

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

Determination of Compensation for Applicable Employees, etc.

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

Information Disclosure System



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

(From April 1, 2013 to March 31, 2014)

Millions of Yen

Category	Head-count	Total amount of compensation	Total amount of compensation					Compensation as stock option	Retirement benefits
			Total amount of fixed compensation	Basic compensation	Total amount of variable compensation	Bonus			
Directors (excluding External Directors)	9	485	405	405	63	63	17	—	
Corporate Auditors (excluding External Auditors)	3	64	64	64	—	—	—	—	
Applicable Officers	4	202	102	102	100	100	—	—	

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

Sumitomo Mitsui Trust Group's Structure for Promoting CSR Activities

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

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

The CSR Council is attended by an officer in charge of CSR activities, who carries all responsibilities for executing the matters decided therein. On the other hand, execution of day-to-day CSR activities is delegated to the Head Office Executive of the CSR Promotion Office, Corporate Planning Department, and the office coordinates all environmental and social activities across the Group. Furthermore, the

Head Office Executive of the CSR Promotion Office summarizes and publishes the matters reported and decided at the CSR Council meeting, under the instruction of the officer in charge of CSR activities.

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

CSR Activities Promotion Staff

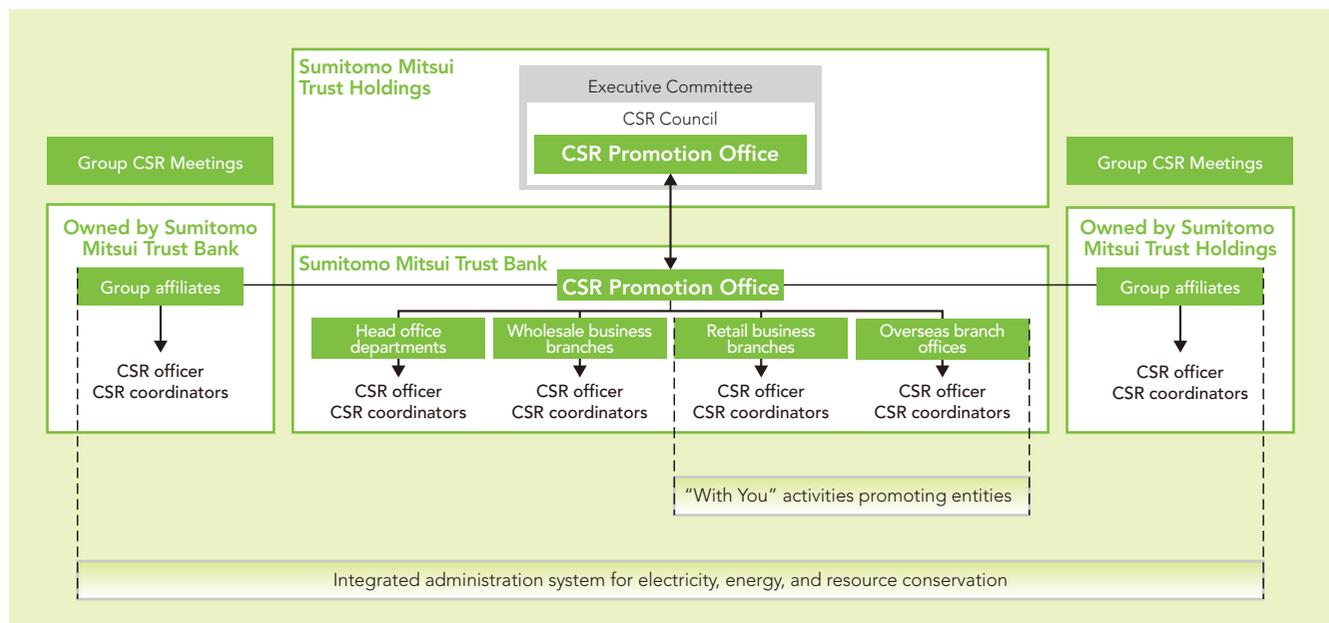
The Group has assigned CSR officers and coordinators to all branches and departments of the Group companies and SuMiTB for the purpose of promoting CSR activities. These CSR officers and coordinators are responsible for the promotion of activities to reduce the environmental burden, including measures to conserve electricity and other energy as well as to reduce and recycle paper and waste in offices. They also report these activities to the CSR Promotion Office. In addition, they carry out "With You" activities at all the domestic and overseas branches of SuMiTB (see page 112). Efforts to contribute to the resolution of social and environmental problems through our business, including development and provision of CSR-related products, are led by the CSR Promotion Office in collaboration with the relevant head office departments.

Group CSR Meetings

Group affiliates have formulated policies on shared initiatives across the Group and on each of affiliates' own initiatives specific to the business. They hold Group CSR Meetings to exchange information.

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

The Group's CSR Structure



CSR Promotion Office

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

- (1) Formulating Group CSR basic policies to improve corporate value
 - Developing the CSR Midterm Plan and yearly policies
 - Drafting ESG information disclosure policies, preparing the ESG (sustainability) report
 - Dialogue with organizations such as ESG evaluation institutions (managing various questionnaires)
 - Acting as secretariat of the CSR Council
- (2) Promoting CSR awareness across the Group
 - Hosting Group CSR meetings
 - Holding global ESG meetings
 - Acting as secretariat of the ESG Risk Response Project Team
 - Acting as secretariat of the Human Rights Due Diligence Liaison Committee
 - Promotion of “With You” activities in collaboration with branches, budget allocation, point system management, and blog management
 - Convenes various CSR study seminars
- (3) Supporting development of innovative products and services and promoting CSV business
 - Planning CSR products and services, and consulting with relevant businesses and companies for their commercialization
 - Supporting sales promotion of CSV products and services
 - Acting as secretariat of Trust Forum Foundation to organize the Natural Capital Study Group, the Sustainable Real Estate Study Group, and the Smart City Study Group
 - Making Silver College courses proposals and supporting operations
 - Promoting CSR public relations activities, such as issuing of “With You” quarterly reports and the CSR section on the website
- (4) Building sound relationships with domestic and overseas stakeholders
 - Holding dialogue with NGOs/NPOs in Japan and overseas
 - Exchanging CSR-related information with government organizations and universities
 - Accession to various activities including UNEP FI, United Nations Global Compact, Business and Biodiversity Initiative, and Natural Capital Declaration
 - Actively supporting initiatives based on Principles for Financial Action for the 21st Century
 - Building relationships with media

(1) The SuMiHD Medium-term Policies

Integrating ESG into day-to-day operations, SuMiHD will set the position of CSR as the foundation of the Group’s sustainable growth

Themes	Medium-term policies
Building an ESG management system of international standards	<ul style="list-style-type: none"> • Raising ESG risk management capability across all operations including loans and investment, SuMiHD will integrate it into the overall risk management system. • SuMiHD will issue integrated reports that disclose narratives where non-financial data make more financial value.
Developing SCV businesses for building a sustainable society	<ul style="list-style-type: none"> • SuMiHD will use its capability to develop an ESG business model with total solutions, which help resolute social problems and increase companies’ value. • SuMiHD will address issues of highest priorities, stemming from super-aging society, climate change and natural capital.
Working to expand the business scope	<ul style="list-style-type: none"> • SuMiHD will conduct leadership to nurture ESG markets by using the Group’s brand to call on stakeholders.

(2) SuMiHD’s Fiscal Year 2014 CSR Policies

Themes	Fiscal Year 2014 CSR Policies
Building an ESG management system of international standards	<ul style="list-style-type: none"> • SuMiHD will establish solid human rights management systems; identify ESG risks to determine priorities of addressing them. • SuMiHD will make a long-term CO₂ reduction plan and build a system for collecting environmental data from the entire Group. • SuMiHD will start examining issuance of integrated reports (identifying disclosure items and evaluating methods such as KPIs).
Developing SCV businesses for building a sustainable society	<ul style="list-style-type: none"> • SuMiHD will establish an incubation model working for collaboration between the CSR Promotion Office and external networks as well as among SuMiHD’s related departments and Group companies to address issues with priority. • SuMiHD will offer products and services made for helping problem-solving and build C&MM business models.
Working to expand the business scope	<ul style="list-style-type: none"> • SuMiHD will focus on the expansion of RI markets, which have gathered attention. • SuMiHD will further disseminate information from Trust Forum Foundation’s three study groups.

Compliance System

1 Basic Initiative Policy

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

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

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

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

2 Outline of Initiatives

Group Compliance System

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

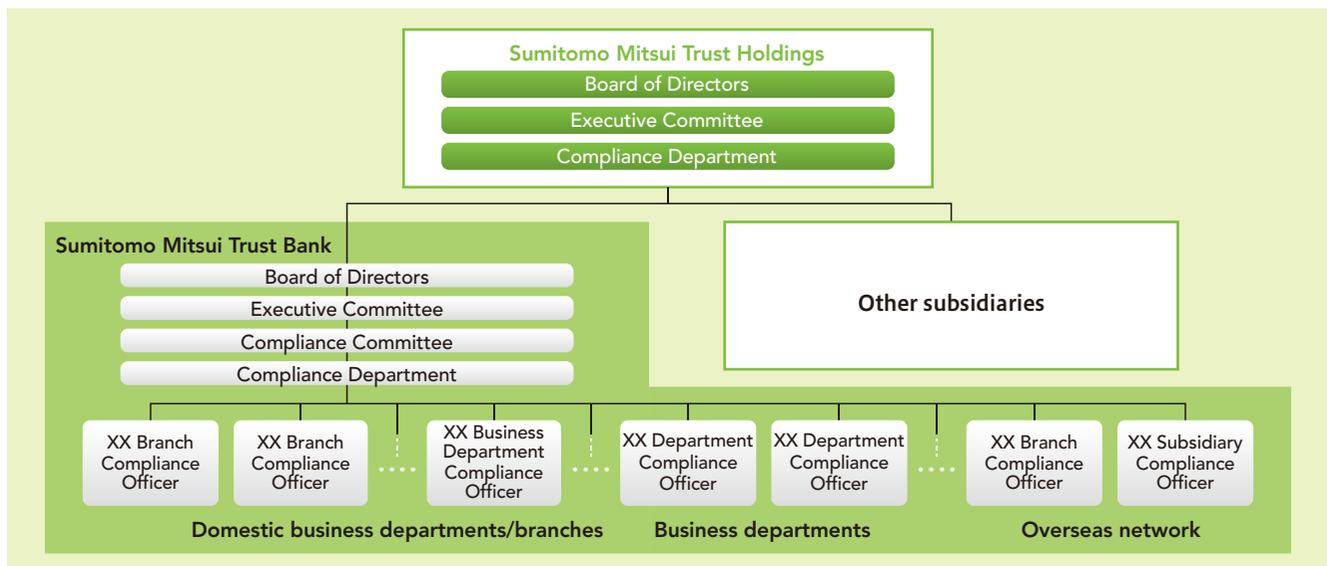
The Compliance Department is established in SuMiHD as the department to manage compliance for the whole group. This department creates a compliance policy, and

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

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

Sumitomo Mitsui Trust Bank also established the Compliance Department as a department to manage

Group Compliance Structure



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

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

Compliance Hotline System

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

Initiatives to Foster Compliance Awareness

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

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

Compliance Standards for Executives and Employees

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

Compliance Training through E-learning for 2013 (Sumitomo Mitsui Trust Bank)

Course name	Content	Applicable executives and employees	Month of implementation
Basics of compliance: 2013 version	Compliance in general	All employees	May
For persons in charge of compliance: 2013 version	Compliance in general	General managers and persons in charge of compliance at all branches and departments	May
Training on the prevention of insider trading and measures to prevent leakage of confidential information: June 2013 version	Prevention of insider trading	All employees	June
Training on client support management and others: First half of 2013	Client protection	All employees and customer-contact temporary workers	June
Training on the measures to prevent money laundering and similar practices: First half of 2013	Prevention of money laundering and similar practices	All employees at branches and departments with persons in charge of measures to prevent money laundering and similar practices	July
Points of attention when using social media	Compliance in general	All employees	July
Training on the prevention of insider trading and measures to prevent leakage of confidential information: August 2013 version	Prevention of insider trading	All employees	August
Training on client support management and others: Second half of 2013	Client protection	All employees and customer-contact temporary workers	October
Training on the prevention of insider trading and measures to prevent leakage of confidential information: November 2013 version	Prevention of insider trading	All employees	November
Training on securing confirmation in trading processes	Prevention of money laundering and similar practices	All employees at branches and departments with persons in charge of measures to prevent money laundering and similar practices	November
Training for enhancing the quality of sales representatives: 2013 version	Basics of financial product sales	Registered sales representatives including those scheduled to be registered	December
Preparedness against antisocial forces: 2013 version	Prevention of transactions with antisocial forces	All executives and employees	December
Training on the prevention of insider trading and measures to prevent leakage of confidential information: January 2014 version	Prevention of insider trading	All employees	January
Compliance and risk management for Section Managers: 2013 version	Compliance in general	Section Managers	January
FATCA (the Foreign Account Tax Compliance Act): Second half of 2013	FATCA	All employees	February
Serial training on life insurance: 2013 version	Basics of financial product sales	Registered life insurance solicitors	February

Efforts to Conduct Fair Business Activities

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



Prevention of Insider Trading

The Group prevents insider trading and other wrongdoings by strictly managing insider information that may be obtained during the execution of job duties.

Specifically, the “Rules on Insider Information Management” obligates employees to immediately report to their seniors when they have obtained information that may constitute insider information. General managers at branches and departments strictly manage and report insider information to the necessary departments while it is completely prohibited to communicate such information to departments other than those deemed necessary. At entrusted asset business units, entrusted asset supervision departments are responsible for managing insider information.

Moreover, particularly strict measures are taken to shield information so as to prevent communication of insider information to departments involved in investment (asset management). In addition, in entrusted asset businesses, the “Guidelines on Contact, etc. with Securities Companies, etc.” have been formulated to prohibit any contact between personnel responsible for asset management and sales personnel of securities companies in principle.

Sumitomo Mitsui Trust Bank (SuMiTB) has developed a training system on a whole company basis. In fiscal year 2013, a training program for prevention of insider trading targeted at all employees was implemented four times (four additional times at entrusted asset business units).

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

We have implemented all the measures to prevent recurrence of insider trading that were announced by the Group in March and June 2012. We are conducting regular monitoring of the status of their implementation and consolidation, including the results of inspections by third parties (external organizations). Monitoring by third parties has found that the measures to prevent recurrence of insider trading are appropriately implemented and steadily taking root, as no particular problem has been detected with respect to the validity, effectiveness, or adequacy of the various measures (as quoted from the results on the monitoring for the second quarter of fiscal year 2014).

In addition, all executives and employees were required to submit written oaths pledging to comply with internal rules, etc. concerning prevention of insider trading twice during the fiscal year (two additional times at entrusted asset business units).

Prevention of Money Laundering

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

In order to prevent money laundering, etc., SuMiTB conducts checks on personal identification items, such as the name and address, as well as customer management items, such as the transaction purpose and occupation, when starting continuous business relationships, when conducting large-lot cash transactions, or when conducting transactions with persons who reside or stay in specified countries.

In addition, when they come across transactions suspected to be related to money obtained illegally or terrorist financing, employees immediately report to the person in charge, who notifies the relevant authorities. When the use of accounts for illegal purposes, such as “furikome” fraud, has been found, SuMiTB strives to prevent expansion of the damage by quickly taking such measures as freezing the accounts.

SuMiTB obligates employees at relevant branches and departments to periodically receive training concerning prevention of money laundering, etc. In fiscal year 2013, such training was provided to all employees at the relevant branches and departments once each half of the year.

Response to Antisocial Forces

Antisocial forces refer not only to organized crime groups and their members, but also to individuals and companies

with ties to them, who may threaten public order and the security of civil society. The Group has declared, both internally and externally, its resolute stance against antisocial forces in its Code of Conduct (“Value”) and various other codes. We have established a system for investigating and conducting systematic checks in all types of transactions in order to prevent transactions by antisocial forces.

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

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

In addition, in order to strengthen awareness about and systems to deal with antisocial forces, in December 2013, SuMiTB provided all executives and employees with training for the prevention of transactions with antisocial forces.

Fair Trade with Outsourced Contractors

When outsourcing its operations, the Group takes measures to ensure that the outsourced operation is consigned to a contractor capable of: (1) establishing regulations for the appropriate management of risks from unexpected losses incurred by the Group or its clients, (2) recognizing problems related to the quality of service and the reliability of service continuity, and (3) implementing the operation accurately, fairly, and efficiently. We also verify whether or not outsourced contractors are antisocial in nature before entering into new contracts, and we repeat this verification on a regular basis. The purpose is to prevent transactions with antisocial forces and to eliminate interference from them.

Prevention of “Dango” Bid Rigging and Cartels

As the Antimonopoly Act is intended to promote “fair and free competition” in order to secure consumers’ interests and promote democratic and sound development of the national economy, it sets basic rules for the free economy, such as a ban on unfair restrictions on transactions (cartel). In order to comply with the Antimonopoly Act, the Group has formulated a compliance manual concerning compliance with the Antimonopoly Act and has established a rule requiring checks related to the prohibition of joint activities, abuse of a superior position and false and misleading advertising indications at individual business units and is strictly enforcing them.

Prevention of Bribery

As bribery is clearly a compliance violation, it goes without saying that the Group strictly prohibits acts of bribery. In addition, in order to prevent acts that may be suspected of being bribery, the Group has established and is enforcing rules concerning entertaining of clients, use of social expenses, grant of profits, and political donations. As for relationship with civil servants, who serve the entire population and are required to be fair in the execution of their job duties, it is essential to strictly refrain from engaging in acts that may be regarded as collusion. In accordance with the “Compliance Handbook concerning Contact with Civil Servants, etc.,” compiled by the Japanese Bankers Association, the Group makes it a principle to refrain from entertaining or exchanging gifts with civil servants and quasi-civil servants.

Efforts to Manage Conflicts of Interest*

The Group complies with laws and regulations, etc. so as to avoid unjustly undermining customers’ interests as a result of various services provided by group companies and relevant persons and has published the outline of the policy for managing conflicts of interest, which describes “transactions that may constitute conflicts of interest,” “methods of managing conflicts of interest” and “systems for managing conflicts of interest.” In addition, based on this policy, the Group appropriately manages transactions that may constitute conflicts of interest and properly executes business operations.

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

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

Protection of Intellectual Property Rights

The Copyright Act and other laws ban the use of intellectual property rights such as copyrights without permission. The Group, while protecting the intellectual property rights of group companies, ensures employees’ thorough compliance with those laws by specifying, in the compliance manual, the prohibition of copying and use of other persons’ copyrighted materials, etc. without permission.

CSR Procurement Policy

All of us at the Sumitomo Mitsui Trust Group contribute to sustainable development of our society as a corporate group trusted by the public by striving to give procurement priority to goods and services that give consideration to the environment and society and by cooperating with suppliers who care about the environment and society, based on the “Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy).”

By disclosing this policy to the public, we strive to promote CSR procurement through communications with stakeholders outside the company.

1. Fair Transactions

We select suppliers through a fair and transparent method by taking comprehensive account of economic rationality, appropriate quality, delivery punctuality, compliance with social norms, consideration for social challenges and consideration for the environment.

We do not provide profits to or impose undue disadvantages on specific clients without due reason.

2. Compliance with Laws, Regulations, etc.

We respect laws and social norms in procurement and never violate them in any case. We are not involved with antisocial forces in any way and reject unjust demands.

3. Consideration for Social Challenges

We strive to conduct transactions with and procure products and services from suppliers who respect basic human rights, give consideration to industrial safety and health and avoid violations of human rights, such as unjust discrimination, forced labor and child labor.

4. Consideration for the Environment

We strive to conduct transactions with and procure products and services from suppliers who promote efforts to reduce the environmental burden and contribute to mitigating and easing environmental problems, including climate change and biodiversity problems.

5. Cooperation with Suppliers

We seek cooperation from and promote cooperative initiatives with suppliers in order to give consideration to social challenges and the environment across supply chains in our procurement activities.

(1) Green procurement under ISO14001

The Group has set a green procurement target as an environmental objective under its environmental management based on ISO14001. The Group aims to achieve a green procurement ratio of 93% with regard to stationery goods as of the end of fiscal year 2014.

Following the establishment of this rule, the scope of products to which it is applicable will be expanded.

(2) Consortium for Sustainable Paper Use

In January 2013, the Group started centralized procurement of copy paper, which achieves the goals of reducing costs through volume discount and giving consideration to the environment at the same time. In principle, the Group is using recycled paper made 100% of used paper as a way of giving consideration to the environment.

Moreover, as a CSR activity by a financial institution using a huge volume of paper, the Group has been participating in the Consortium for Sustainable Paper Use since November 2013 because illegal logging of tropical rainforests is regarded as a problem, and it has decided to set a responsible procurement policy, an action plan and targets suited to its own business activities.

(3) Human Rights Policy

The human rights policy, which was formulated in December 2013, prescribes that the Group “gathers information on cases where the corporate activities of our domestic and overseas suppliers and contractors (supply chain), and companies that we invest in or lend to, negatively impact human rights” and that “in cases where relevant laws, standards and policies are violated, necessary measures are taken as appropriate.” Such measures include requesting the resolution of a situation in which human rights are being violated and suspending transactions and refusing to purchase products and services.

Sumitomo Mitsui Trust Group’s Basic Policy concerning Tax Compliance

All of us at Sumitomo Mitsui Trust Group appropriately manage tax affairs and promote corporate activities that comply with social norms while maintaining the balance between various stakeholders, including customers, investors, governments and local communities.

Compliance

We strictly comply with tax laws, directives and rules based on international standards and implement a tax strategy in a conscientious manner.

Governance

The top management accurately understands tax-related risks and implements a tax strategy in coordination with a business strategy from the perspective that such risks are critical challenges that could directly affect business management.

The top management also strives to maintain and enhance tax compliance by giving guidance to employees.

Relationship with the Tax Authority

We build a relationship of trust with the tax authority by enhancing transparency through information disclosure and other means, thereby reducing tax-related risks.

Risk Management

1 Basic Initiative Policy

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

As the trust bank group which boasts the largest scale

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

2 Outline of Initiatives

Risk Management Methods

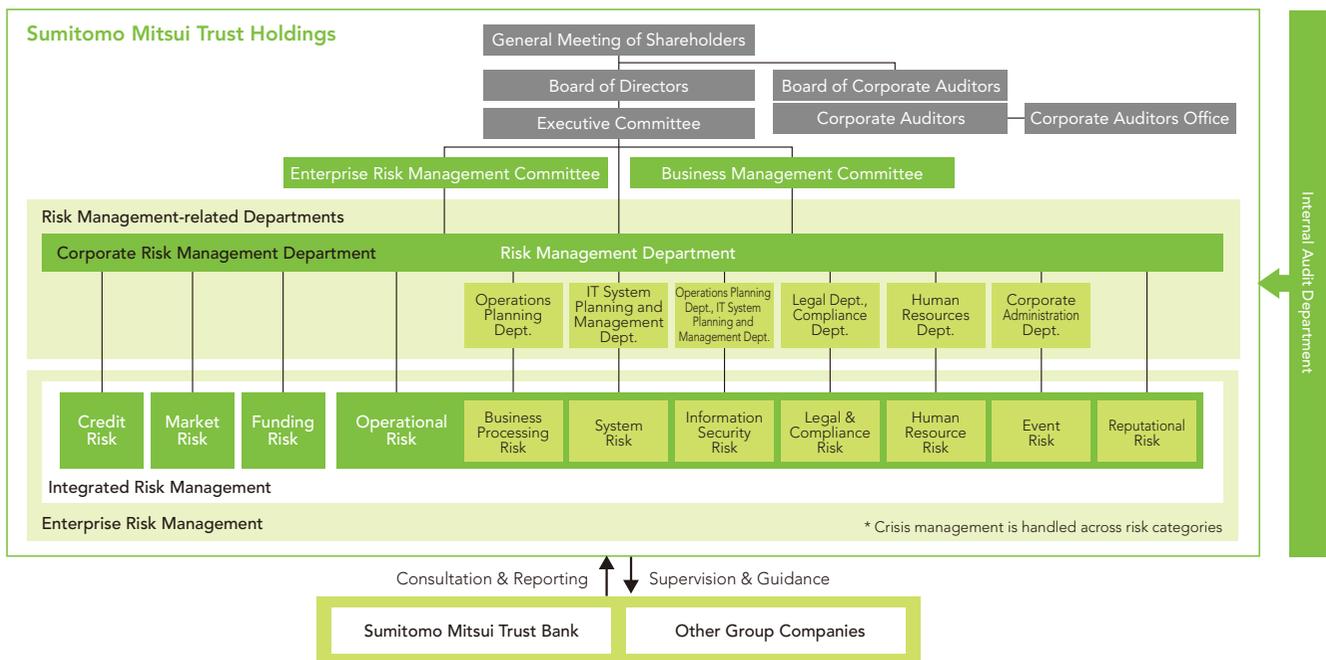
SuMiHD has established a department to supervise the overall group risk management and monitor the risk status of the whole Group, and has designated other risk management-related departments to supervise risk management for each risk category. These departments provide appropriate supervision of and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

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

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

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

Risk Management Structure



Risk Management Structure

The roles and responsibilities of the management structure and principal departments related to risk management are as follows. (as for the organizational chart, please refer to the previous page)

Board of Directors

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

Directors, Officers in Charge

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

Risk Management-related Departments

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

Status of Risk Management

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

Internal Audit Department

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

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

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

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

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

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

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

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

Market Risk	
Definition	<p>Risk that the Group incurs losses due to fluctuations in the value of assets/liabilities (including off-balance sheet assets/liabilities), or in the earnings generated from assets/liabilities, due to fluctuations in various market risk factors, such as interest rates, foreign exchange rates, stocks, commodities, and credit spreads. Of this, "market liquidity risk" in particular means risk that the Group incurs losses caused in a situation where it becomes impossible to conduct transactions in the market or becomes obligatory to trade at prices much more disadvantageous than usual due to market turmoil.</p>
Basic policy	<ul style="list-style-type: none"> • Adequate market risk management is in place, commensurate with the Group's strategic goals as well as the scale, characteristics, and risk profile of business activities, to ensure the soundness and adequacy of business activities, in accordance with established basic policies on Group-wide market risk management. • Our affiliated banks also engage in market risk management in accordance with risk management policies established on the basis of the aforementioned basic policy.
Risk management system	<ul style="list-style-type: none"> • The Risk Management Department is designated as a department responsible for market risk management at SuMiHD and engages in monitoring and analysis of market risk status across the Group. The department also provides supervision and guidance to affiliated banks. • An adequate market risk management framework is in place at our affiliated banks, where the front office (trading/marketing departments), the back office (administrative departments), and the middle office (departments responsible for market risk management) are separated to achieve effective checks and balances between them.
Risk management method	<p>Market risk is managed through monitoring and control of the status of conformity to the risk limits established based on risk capital allocated commensurate with the financial strength of each organizational unit, and to the alarm points established to prevent enlargement of loss. Meanwhile, market risk is measured by VaR (Value at Risk: the maximum amount of loss anticipated within a certain holding period and within a certain confidence interval), while stress testing is carried out to supplement such VaR-based measurement. Interest rate risk in the banking book in terms of the outlier criteria under Basel II is managed by regular monitoring.</p>
Matters that came into focus	<p>The Group is enhancing its preparedness against sharp changes in the market environment through continuous monitoring of early warning indicators, full use of stress testing based on forward-looking hypothetical scenarios, and other measures.</p>

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

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

Crisis Management and Business Continuity Plan in Emergencies

Initiatives Conducted by Sumitomo Mitsui Trust Holdings and Sumitomo Mitsui Trust Bank

SuMiHD and Sumitomo Mitsui Trust Bank (SuMiTB) have developed contingency plans in order to quickly implement emergency response measures in the event of emergencies, such as natural disasters, computer system breakdowns and outbreaks of new infectious diseases.

Moreover, regarding important business operations, such as financial settlement, SuMiHD and SuMiTB have developed systems to continue business, including BCPs (business continuity plans) and backup offices. In order to ensure the effectiveness of such systems, they periodically conduct exercises and revise BCPs.

When the crisis is serious and its impact is extensive, causing serious disruptions to the normal business operations of SuMiTB and the Group and making it necessary to urgently make comprehensive and high-level management judgment, the Group will establish an emergency response headquarters as a company-wide response organization and will quickly implement emergency response measures.

In particular, in preparation for the possible occurrence

of a major earthquake, SuMiTB, which has branches across Japan, periodically conducts exercises in order to make a response that gives consideration to the safety of customers and employees and to business continuity and ensure the effectiveness of the response.

As for company-wide response, in order to enhance the effectiveness of the functions of the emergency response headquarters, the Group is strengthening systems for information gathering and information coordination, in addition to periodically conducting exercises, and it is also promoting the enhancement of emergency response systems in the Osaka area on the assumption of a disaster in the Tokyo area.

Meanwhile, branches are striving to strengthen response capability through periodic exercises and are promoting disaster countermeasures in light of the location condition, the status of principal facilities and individual branches' specific circumstances. Branches are also developing a system for mutual support among them.

Code of Conduct for Executives and Employees

1. Executives and employees must fully recognize and understand the importance of crisis management and prepare for emergencies. At the same time, they must strive to develop their knowledge in normal times so that they can quickly and appropriately respond in the event of an emergency.
2. In the event of an emergency, executives and employees must make judgments and take actions based on the following principles:

(1) Securing the safety of life

In the event of an emergency, the top priority must be placed on securing the safety of customers, executives and employees, and their families. Executives and employees must also always give priority to humanitarian considerations when taking various emergency response measures.

(2) Protection of Sumitomo Mitsui Trust Bank's Corporate Assets

By taking disaster prevention and mitigation measures in preparation for the possible occurrence of emergencies, executives and employees must protect Sumitomo Mitsui Trust Bank's corporate assets in the event of an emergency. They must also do their utmost to take risk mitigation measures to guard against adverse effects that may disrupt business activities.

(3) Business Continuity and Early Restoration

In the event of an emergency, executives and employees must strive to quickly restore and continue priority business operations.

(4) Cooperation with Local Communities

In the event of an emergency, executives and employees must strive to cooperate with local communities in rescue and other local activities.

Response to Cyber Attacks

To respond to cyber attacks, SuMiHD monitors SuMiTB's computer systems on an around-the-clock basis and routinely strives to develop a robust response system through such means as gathering information from outside expert organizations, taking countermeasures and educating executives and employees.

In particular, as SuMiHD regards enhancement of the security of Internet banking as an important business challenge, it will continue to strive to gather information on other companies' movements and new technologies and will take new measures as necessary.

Establishment of ESG Risk Response Project Team (PT)

Background

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

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

Purpose

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

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

Operational Structure

The ESG Risk Response Project Team has been established as an organization jointly supported by SuMiHD and SuMiTB. The Project Team is headed by the Head Office Executive of the CSR Promotion Office, Corporate Planning

Departments Forming the Project Team

Sumitomo Mitsui Trust Holdings

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

Sumitomo Mitsui Trust Bank

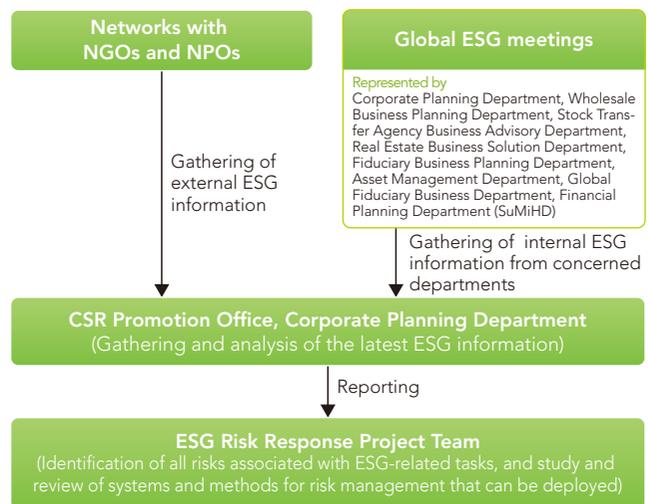
Corporate Planning Department, Human Resources Department, Corporate Administration Department, Risk Management Department, Compliance Department, Customer Satisfaction Promotion Department, Global Business Planning and Coordination Department, Fiduciary Business Planning Department, and Wholesale Business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

Department, and members who are capable of engaging in effective discussions are selected without regard to individual rank or job title, from the various concerned departments of both entities. Content of the discussion in the Project Team are reported to the officer in charge of the Corporate Planning Department (the officer in charge of CSR activities) when appropriate.

Information Gathering System

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

ESG Information Gathering System



Initiatives in Fiscal Year 2014

In the current fiscal year, the ESG risk response PT is strengthening the following initiatives:

1. Strengthening ESG risk response regarding investments and loans
2. Identifying ESG risks (particularly risks related to human rights and the environment) in our overseas network and strengthening response in light of the challenges specific to individual countries.
3. Identifying ESG risks at the company-wide level and considering upgrading the management system (integration with overall risk management).

Human Rights and Sumitomo Mitsui Trust Group

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



1 Human Rights Management

Establishment of Human Rights Policy

Under the “Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy),” the Group upholds respect for individuals’ human rights and diverse values and rejects unjustifiable acts of discrimination in all its activities. Moreover, in order to ensure the execution

of this policy, the Group formulated the human rights policy, which serves as a standard for acts and judgments concerning human rights, in December 2013. Based on this policy, the Group respects the human rights of all stakeholders with whom we are involved when conducting routine business activities and providing products and services.

Human Rights Policy

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

1. Respect International Standards

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

2. Prohibit Discrimination

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

3. Foster a Corporate Culture that Respects Human Rights

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

4. Establish a Pleasant Workplace Environment

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

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

5. Ensure Fair Recruitment

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

6. Implement Human Rights Education Training

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

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

Basic Philosophy

The Group's human rights management is based on the "Guiding Principles for Business and Human Rights," which was adopted by the United Nations Human Rights Council in June 2011.

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

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

*1 Human rights due diligence refers to a series of initiatives to identify actual or potential impact on human rights, resulting from the activities of the Group or related outside parties, to develop measures for the prevention or mitigation of such impacts, and to continuously verify and disclose the effectiveness of such measures.
 *2 A check list serves to verify the progress in each department concerned with the Human Rights Management System, such as the status of implementation of human rights due diligence, compliance with the Human Rights Policy, and occurrence of human rights violations.

Outline of the Human Rights Management System

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

Human Rights Due Diligence Liaison Committee

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

Departments Forming Human Rights Due Diligence Liaison Committee

<p>Sumitomo Mitsui Trust Holdings</p> <p>Corporate Planning Department, Human Resources Department, Corporate Administration Department, Risk Management Department, Compliance Department</p>
<p>Sumitomo Mitsui Trust Bank</p> <p>Corporate Planning Department, Human Resources Department, Corporate Administration Department, Risk Management Department, Compliance Department, Customer Satisfaction Promotion Department, Global Business Planning and Coordination Department, Fiduciary Business Planning Department, and Wholesale Business Planning Department</p>

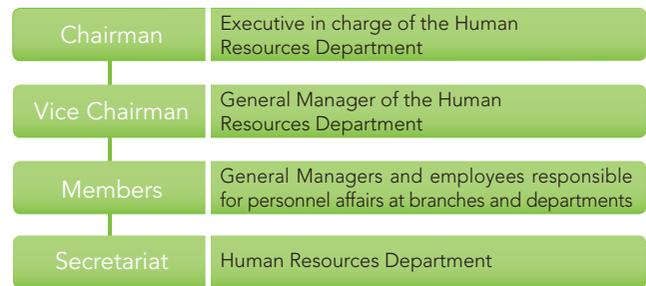
Corporate Planning Department

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

Human Resources Department and Human Rights Education Committee

These organizations engage in the planning and implementation of measures including human rights education training, based on discussions at the Human Rights Due Diligence Liaison Committee. Specifically, the Human Rights Education Committee, chaired by the executive in charge of the Human Resources Department, plays the central role in implementing various training programs and conducting education activities concerning human rights issues.

Organizational Structure of the Human Rights Education Committee



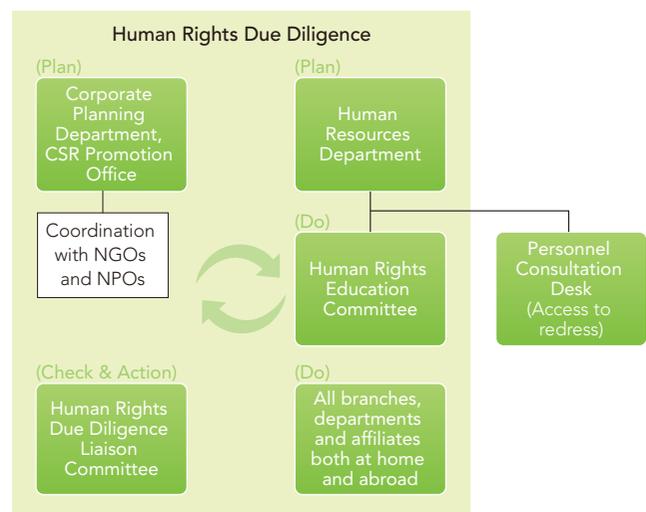
All Branches, Departments, and Affiliates at Home and Abroad

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

Personnel Consultation Desk

This desk engages in various consultations concerning human rights, while promptly taking necessary measures in coordination with concerned departments if a negative impact on human rights materializes. (Please refer to Page 89)
 In fiscal year 2013, there were a total of 39 cases of consultation, all of which have been resolved.

Human Rights Management System Based on PDCA Cycle



2 Education concerning Respect of Human Rights

The Human Rights Education Committee dispatches a “Human Rights Awareness Tool” by e-mail to all employees on a monthly basis, which cites outstanding examples that illustrate respect for human rights. The Committee also organizes workplace-based human rights education training for about one hour per year for each employee on average at all branches, departments, and affiliates across the Group. In fiscal year 2013, 22,164 employees out of the 23,294 employees at 283 departments who were required to receive training received a total of 566 hours of training (training ratio of 95.15%).

In the meantime, human rights-related themes are taken

up in collective training such as rank-based training and in divisional meetings, in an effort to enhance human rights awareness among employees. In fiscal year 2013, 26 sessions of rank-based training were held for a total of 17 hours with the participation of a total of 2,015 employees.

Training concerning Human Rights in FY2013

	Number of trainees	Training hours
Workplace-based human rights education training	22,164	566
Rank-based training	2,015	17

3 Protecting Various Human Rights

Initiatives to Address Dowa and Foreign Residents Issues

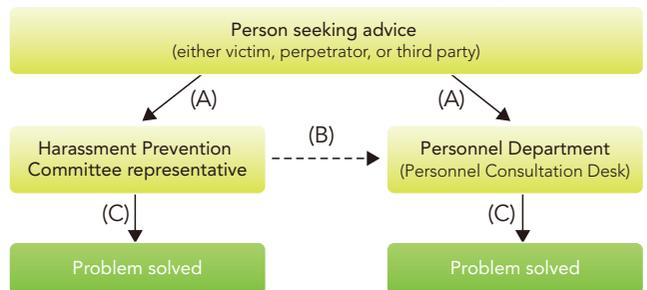
The Group regards tackling discrimination against the Dowa minority as a particularly important theme in the promotion of human rights education. In fiscal year 2013, the theme of the workplace-based human rights education training was the Dowa issue, which provided the first opportunity for the Group to actively implement human rights education. During fiscal year 2014, the Group continued its efforts to increase employees’ level of understanding about the Dowa issue based on insights from external bodies, such as the Industrial Federation for Human Rights, Tokyo. At the same time, we have worked toward thorough elimination of prejudiced or discriminatory views through various training programs and education activities, including new employee training.

With regard to foreign residents issues, a new residency management system, launched on July 9, 2012, was discussed. Rank-based training was provided on giving consideration to the human rights of foreign residents, including the handling of personal authentication documents and respecting privacy, envisioning such situations as identifying oneself at service counters.

Prevention of Sexual Harassment and Power Harassment

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

Structure for Advice/Complaints and Response relating to Harassment



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

views with relevant parties on the specific behavior indicated, the relationship of the people involved, the response of the victim, etc. Either stringent corrective measures or punishment—or both—are implemented against the perpetrators.

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

Investments and Loans related to Cluster Bombs

The Group refuses to provide loans to either domestic or overseas borrowers for the purpose of financing production of cluster bombs, which are recognized as a weapon raising strong humanitarian concerns. In asset management as well, regarding active investment, the Group prohibits investment in companies involved in the production of clusters bombs and anti-personnel mines in principle. Regarding passive investment, the Group conducts engagement activities (please refer to Page 51).

Employees and Sumitomo Mitsui Trust Group

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



1 Promotion of Diversity

Promoting and Supporting Women

The Group ensures “the right people are placed in the right positions based on their capabilities in order that all of our employees can realize their full potential.” We make sure that decisions about managerial promotions are based on merit. As of the end of September 2014, Sumitomo Mitsui Trust Bank (SuMiTB) had six female employees at the level of General Manager, 179 female employees at the level of Section Manager and 1,051 female employees at the level of Assistant Manager.

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

inside and outside the company, and the sharing and resolution of challenges faced in the carrying out of duties.

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

Employment of Disabled Persons

The Group hires disabled people who want to work, as well as to strive to create a more comfortable workplace for disabled people. As of September 30, 2014, our disabled person employment ratio declined by 0.14 percentage points from the same period of the previous year to 1.86%. The decline reflects the effects of an increase in the overall number of employees due to direct employment of temporary staff, which offset an increase in the number of disabled persons employed.

Number of Female Employees in Management Positions

	End of March 2013	End of March 2014	End of September 2014
Level of General Manager	3	6	6
Level of Section Manager	158	180	179
Level of Assistant Manager	1,007	1,030	1,051

Postretirement Employment of the Elderly

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

2 Promoting a More Employee-Friendly Workplace Environment

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

The Group actively works to establish a workplace environment where employees can work feeling at their ease, while maintaining a good balance between work and personal life. SuMiTB offers childcare leave for fathers and up to 10 days per year (in the case of employees with two or more children requiring care) of additional leave to look after sick children, in addition to offering childbirth and childcare leave until children reach the age

of two. Furthermore, we offer employees who are pregnant or who live with and raise children of or below the third grade of elementary school a system of shorter working hours and the freedom to choose to refrain from working overtime or at night. These measures have allowed us to create an environment where parents can raise their children with peace of mind. As of the end of March 2014, 268 employees used



this system and took childcare leave. The number will be 290 at the end of March 2015.

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

shortened workday system that applies for up to two years (for each applicable family member).

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

SuMiTB's System for Childbirth and Childcare (as of end of March 2014)

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

Improving the Workplace Environment

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

System to Respond to Complaints related to Labor Practices, etc.

From the perspective of promoting appropriate labor affairs management, SuMiTB has established, within the Human Resources Department, the Personnel Consultation Desk, at which employees can receive consultation without going through the regular reporting line when problems related to personnel and labor affairs management, such as unfair and unjust labor affairs management practices and workplace harassment, occur. As a safety net to guard against labor affairs problems, the Personnel Consultation Desk strives to appropriately handle consultation cases while promptly cooperating with relevant persons.

Regarding part-time employees, through an affiliated company (Sumitomo Mitsui Trust Business Service), SuMiTB has started personnel affairs support services, including

rotation interviews with employees. SuMiTB prevents labor affairs problems by grasping the circumstances of individual employees and collecting opinions and views which may be difficult to express in the workplace through these services.

Number of Consultations Concerning Labor Practices, etc. at SuMiTB

FY2013	39
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Results of the Employee Satisfaction Survey

SuMiTB conducts an "attitude survey" on all employees in order to objectively identify employees' perception of the dissemination of measures taken by the company, the personnel system and its operation, the workplace environment and engagement.

	FY2011	FY2012	FY2013
Vitality level	60.6	63.0	62.3
Satisfaction level	65.4	62.3	61.3

Vitality level: Indicator of the level of expectations for the future, forward-looking thinking, willingness to contribute to the organization, work motivation

Satisfaction level: Indicator of how much satisfaction employees get from the contents of their job duties, the working environment and personal relationships.

3 Dialogue with Employees

SuMiTB's labor union has a total of 8,709 members, equivalent to 64% of all of its employees (as of the end of March 2014).

The Company and the union have concluded a labor agreement and are conscientiously complying with it in order to ensure sound development of the Company and enhance the status of union members.

Under the labor agreement, management consultation meetings, which are attended by the President and other senior managers as well as union representatives, and branch and department consultation meetings, which are attended by representatives of the labor and management sides at individual branches and departments, are periodically held

to discuss working conditions for union members and how to maintain the working environment.

The union conducts organizing activities at individual workplaces and implements surveys concerning employees' satisfaction level and the workplace environment in order to reflect employees' opinions in business management through management consultation meetings and branch and department consultation meetings.

At other group companies as well, there are initiatives to ensure smooth business operation and maintain and improve the workplace environment through dialogue between the companies and unions or representatives of employees.

4 Employee-Health Management System

In an effort to help our employees manage and improve their health, we have appointed medical and hygiene supervisors (hygiene promoters) at each of our business locations to provide detailed health management guidance. Moreover, we provide health examinations every year and assistance to employees and their families to enable them to receive comprehensive physical examinations at facilities through

our health insurance association.

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

5 Measures to Support Employee Career Advancement (SuMiTB)

Basic Policy for Personnel Affairs Management

SuMiTB provides a workplace in which individuals' diversity and creativity are fully utilized as valued added to the organization and they can have dreams and pride and feel a sense of satisfaction when working. SuMiTB also forms a group of personnel capable of providing total solutions by making full use of their advanced expertise and comprehensive capabilities and helps them to make successful achievements.

Personnel System and Management Principles

- 1 SuMiTB respects individuals' diversity and promotes voluntary initiatives so as to exercise creativity and create value added in a broad range of fields.
- 2 SuMiTB promotes friendly rivalry among employees to improve themselves as well as their autonomous growth in order to enhance its expertise and comprehensive capabilities as a trust bank.
- 3 SuMiTB assigns the right person to the right job according to job capability in order to make the most of individuals' potential.
- 4 SuMiTB gives fair and just evaluation and treatment to individuals according to their capability, role and achievement so that they can have motivation and feel a sense of satisfaction at achieving self-fulfillment and contributing to the Company.

Recruiting and Hiring

It goes without saying that employing capable personnel is the starting point for developing a robust corporate foundation. The recruitment section of SuMiTB website provides clear explanations of the characteristics of our personnel system, the function of trusts, and their importance, and the business content of each of our divisions. The website is also designed to give visitors an idea of what working at the company is really like with features such as employee interviews, etc.

Number of New Recruits

	Total (total of male and female)	Male	Female
FY2012	312	130	182
FY2013	334	140	194
FY2014	377	152	225

More than 80,000 recent graduates applied via the website during the recruitment period for new entrants who will join the Group in April 2015. As the number of job applicants has been increasing year after year, we pick successful applicants through a rigorous selection process.

Career Course System Enabling Proactive Choice

SuMiTB has implemented a course-based system that promotes employee career formation. Employees are streamed

into three courses, the G Course, the R Course, or the A Course, depending on their likelihood of being transferred and the nature of their work duties.

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

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

Course name	Residence and workplace relocation	Eligible business operations	Primary role
G Course (General and Global) Nationwide relocation type	Possible	All operations	<ul style="list-style-type: none"> Leaders of department- and branch-level organizations, or High-level professionals regarding various specific operations
R Course (Retail & Region) Operation- and region-specific type	Possible within the specified area*	Retail operation	<ul style="list-style-type: none"> Leaders of retail-related department- and branch-level organizations, or High-level professionals regarding retail operation
A Course (Area) Region-specific type	None	All operations	<ul style="list-style-type: none"> General managers of departments and branches, or Professions regarding various specific operations

* Nationwide- and regional-types (Tokyo, Kinki and Chukyo areas)

Respect for Employees' Will in Job Assignment

SuMiTB determines job assignments after examining incoming new hires' aptitude through interviews with each of them before they formally join the bank. On the other hand, SuMiTB attaches importance to new hires' will and motivation and provides them with opportunities to try acquiring qualifications they themselves desire (pension actuary and real estate appraiser) and engaging in business operations allocated to new employees (asset management and administration, market-related operations, etc.).

Internal Job Posting System

We have initiated an internal job posting system to encourage our employees to independently and voluntarily shape their own careers. Under this system, employees applying for jobs to be allocated through the internal job posting system can move to the departments where the jobs are available if they pass the Human Resources Department's selection process.

Personal Evaluation System

SuMiTB's personnel evaluation system enables individual employees to participate in the evaluation process.

At the beginning of each business term, SuMiTB's employees consult with their supervisors and determine specific business execution tasks. After the end of the term, supervisors encourage employees to change their behavior or develop their capabilities by grading their performance in a fair and just manner. By appropriately evaluating employees'

achievements and their capabilities, supervisors ensure that they are assigned to appropriate jobs and treated justly.

Bonus System Reflecting Business Performance

From the perspective of encouraging individual employees to fully exercise their capabilities, SuMiTB has introduced a system to appropriately reflect the business performance of the whole of the Group and individuals' performance and achievements in the bonus amount with a view to realizing "incentive for contributing to the whole of the Group, business units, branches and departments" and "fair and highly transparent system management through clarification of the process of reflecting business performance."

Through appropriate evaluation of personnel and the payment of bonuses reflecting performance, the Group has developed an environment that enables capable personnel to fully exercise their capabilities.

Employees to be evaluated

9,854 employees in career formation courses
(as of end of March 2014)

Business performance indicators used to determine performance-linked bonuses

Achievement ratio of the consolidated net business profit before credit costs
Achievement ratio of the consolidated net income

Evaluation method used to measure individuals' performance

Decided through relative distribution among employees belonging to the same business unit based on the results of performance evaluation specified under the personnel evaluation system

Employee Training and Skill Development

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

For example, we established the SuMiTB University in May 2012. This company-wide program is aimed at realizing distinct added value that is "unique to a trust bank" and "distinctive of Sumitomo Mitsui Trust Bank." The program also develops human resources who can swiftly provide comprehensive solutions to clients. Under the operation principle of "building a culture of learning and developing human resources who can help themselves and be independent," we are developing a system to support employees improving their skills.

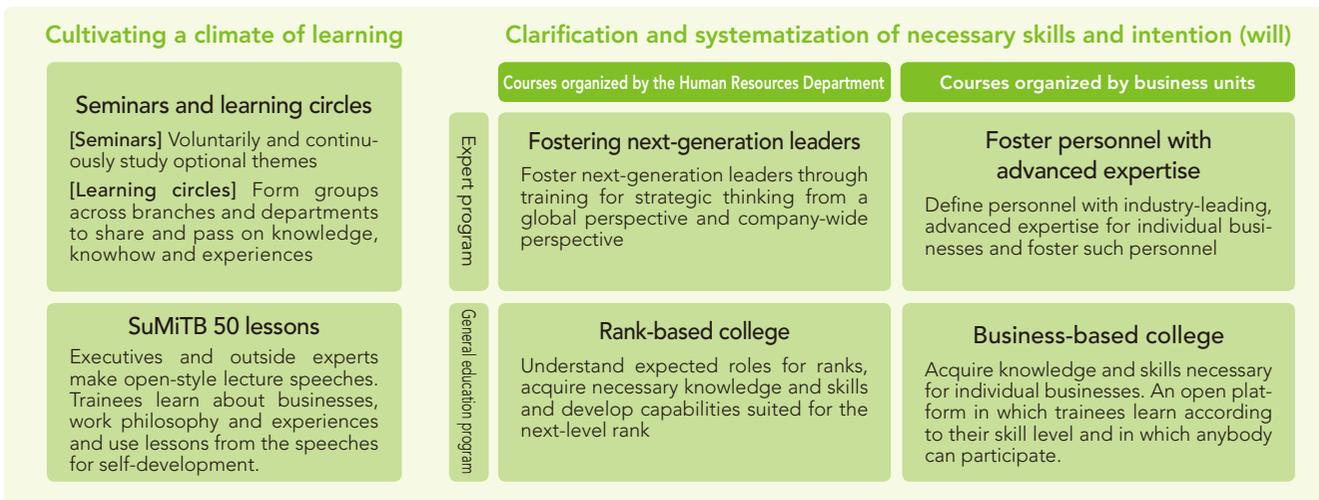
SuMiTB's president serves as the SuMiTB University's president, while SuMiTB's executive in charge of the Human Resources Development and an outside expert serve as the university's vice presidents. The SuMiTB University receives

OJT	Practical education is provided systematically and continuously in the workplace.
OFFJT (various training programs)	Trainees acquire knowledge and skills systematically at the SuMiTB University as a "place of learning." ◆ Various training programs • Training for new employees, rank-based training, business process-based training, language training (English and Chinese) Carefully tailored training is provided according to the levels of experience and skill. ◆ Web Campus • Learning system using the Internet, including e-learning
Self-development support	Financial assistance to cover the cost of various qualification and examination tests
Internal job posting system	Opportunities to apply for jobs desired by employees are provided.
Various trainee programs	Capability development training programs, including training for acquiring qualifications and language training programs, are implemented. <Overseas training and language training programs (English and Chinese), business process trainee program (New York, London, Shanghai, Singapore, etc.)>

advice regarding its management from a Hitotsubashi University graduate school.

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

Concept Image of the SuMiTB University



- Clarify skills and intentions (will) necessary for desirable personnel
- Launch rank-based colleges managed mainly by the Human Resources Department and business-based colleges managed mainly by individual business units and enhance the curriculum by classifying them into "general education programs" in which all trainees participate and "expert programs" in which trainees acquire advanced skills and expert knowledge.
- Launch an open-style lecture program in which executives and outside experts talk about businesses, work philosophy and experiences so that employees can use lessons from their talks for self-development.

Data concerning Training for Human Resources Development (FY2013)

Training implemented by business units	Training implemented by the Human Resources Department	SuMiTB Academy*	Total
393.5 days (3,148 hours)	56 days (448 hours)	9 days (72 hours)	3,668 hours

* A program to provide various training in order to support employees willing to actively learn in a challenging environment from the perspective of fostering a culture of proactive learning.

Human Resources Development that Promotes CSR

The Group is developing human resources in a way that promotes CSR in order to continue strategic CSR activities in a sustainable manner.

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

Members of the CSR Promotion Office visit branches and hold study sessions involving branch general managers, CSR officers and other personnel in charge of CSR as necessary. Study sessions are intended to inspire creative ideas for "With You" activities* that may lead to the expansion of the customer base through free exchange of opinions among employees including younger ones.

The Group has acquired ISO14001 certification for SuMiTB's head office building, the Fuchu Building and Senri Building. Following the acquisition of this certification, the Group made it mandatory for all employees to complete an environmental education course through e-learning. Employees are striving to acquire the latest knowledge on issues such as the basics of environmental problems, including climate change and biodiversity problems, as well as the Group's initiatives.

* Please refer to page 114.

CSR Internship

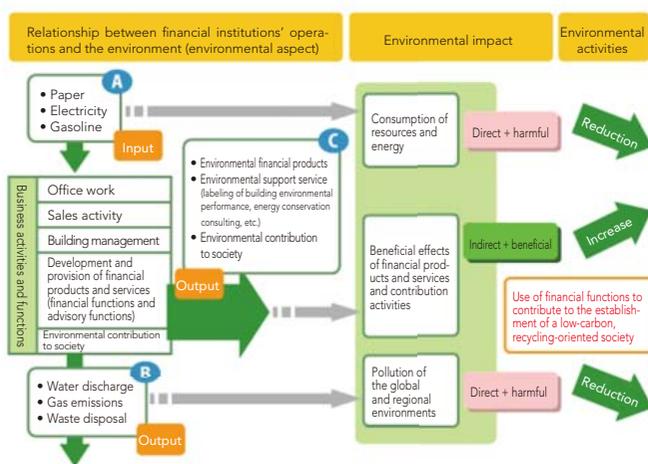
SuMiTB has incorporated a CSR curriculum into its internship program that provides university and high school students with opportunities for workplace experience.

After receiving explanations about the specifics of trust banks' business operations, the participating students are divided into groups of several students each. The groups are asked to consider financial products that contribute to the fight against climate change and the preservation of biodiversity by using the trust and financial functions.

In the CSR internship program, students learn through hands-on experience that trust banks, which may be regarded as isolated from environmental issues, have the potential to contribute to the resolution of specific challenges through their core businesses.



A curriculum activity scene in the CSR internship program



Voice of an Employee Recruited Abroad

We at the London Branch are involved in operations related not only to our own branch but also to other overseas branches. We routinely communicate with users and IT staff in Hong Kong, New York, Singapore and Shanghai, listening to requests from those places, and make our best possible response. Our work requires a global perspective, so when setting priorities or when determining schedules, we take care to keep the right balance to maintain fairness.

Among the major projects I experienced here is the opening of the Hong Kong Branch in 2013. Fortunately, as experienced members from other branches joined in, the project was very successful.

For IT, not only knowledge but also people, teamwork and communications are important. At the London Branch, around 20 members work together while playing their respective roles. To simultaneously carry out multiple projects, it is extremely important for members to have various skills and diversity. I believe that what's important in CSR is that people have awareness about opportunities to contribute to the objectives of CSR while taking advantage of their own roles, positions and skills and take appropriate actions.



Cliff Dowton
Senior Manager,
IT Team, London Branch

6 Employee Breakdown

Employee Breakdown (Sumitomo Mitsui Trust Bank)

	As of end of March 2013	As of end of March 2014
Number of employees	12,790 (6,459 men) (6,331 women)	13,587 (6,430 men) (7,157 women)
Hong Kong	—	35
Japan	12,311	13,011
China	117	129
Korea	3	3
Thailand	5	5
Singapore	103	114
Indonesia	5	6
UK	102	129
USA	144	155
Average age	41.1 (Male: 42.4) (Female: 39.8)	41.8 (Male: 42.8) (Female: 41.0)
Average continuous years of employment	12.9 (Male: 14.9) (Female: 10.8)	12.5 (Male: 15.4) (Female: 9.9)
Average annual salary	7,409 thousand yen	7,246 thousand yen
Number of temporary staff	1,452	651
Number of part-timers	173	171
Number of disabled persons employed	223 (Disabled person employment ratio: 2.00%)	259 (Disabled person employment ratio: 1.86%)
Number of employees using the Elder Partner Program	565	542
Number of absentees (annual)	316 (152 men) (164 women)	390 (149 men) (241 women)
Number of employee turnover (annual)	305 (80 men) (225 women)	332 (88 men) (244 women)
Number of work-related accidents (annual)	84 (accidents during work: 46; accidents during commuting 38)	106 (accidents during work: 63; accidents during commuting 43)

Environmental Burden Reduction Initiatives

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



Further Promotion and Group-Wide Deployment of Environmental Management

1 Environmental Burden Generated by Business Activities

Environmental Management by ISO14001

The Group has obtained ISO14001 certification, international standard for environmental management systems, for four sites with a huge environmental burden: the head office building, the Fuchu Building, Shiba Building, and the Senri Building. At these ISO14001-certified sites, environmental management systems are operated on a department-by-department basis in principle. We are promoting initiatives to achieve reduction in the environmental burden, cost reduction and operational efficiency improvement at the same time by connecting environmental initiatives to the management strategy through the linkage of core business processes to the environmental management systems. At the Shiba Building, which houses many group companies,

we obtained certification in February 2014 and started in earnest to extend such initiatives to group companies.

We are moving forward with activities to reduce the burden we put on the environment after setting targets for paper consumption, electricity consumption, waste discharge, and environment-conscious "Green procurement," which are vital environmental aspects in the banking business, and formulating an action plan for each operation. As for paper consumption, both the head office building and the Shiba Building failed to achieve their reduction targets because of activities related to Step 3 and the consolidation of business operations. The head office building reduced consumption only 2.3% compared with the reduction target of 15% and the Shiba Building reduced

Sumitomo Mitsui Trust Holdings Environmental Policy

1. Provision of Products and Services

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

2. Environmental Burden Reduction

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

3. Pollution Prevention

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

4. Regulatory Compliance

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

5. Monitoring

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

6. Education & Training

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

7. Information Disclosure

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

* The Action Guidelines for Mitigating Climate Change (see page 15) and the Action Guidelines for Preserving Biodiversity (see page 27) are specific guidelines that were drawn up based on this Environmental Policy.

consumption 2.1% compared with the reduction target of 10%. Meanwhile, the Senri Building reduced paper consumption 26.9% compared with the reduction target of 20% because of the peaking-out of business operations related to Step 3. Regarding electricity consumption, the head office building reduced consumption only 1.9% compared with the reduction target of 5% because of increases in the number of personnel and the volume of work. Although the Fuchu Building reduced electricity consumption in the office section, consumption of electricity as a power source for computers increased due to installation of additional IT equipment, resulting in a slight reduction of 1.3% in overall electricity consumption at this building, lower than the reduction target of 4%. The Senri Building reduced overall electricity consumption 2.8%, surpassing the reduction target of 2% despite an increase in electricity use for computers, thanks to the effects of the introduction of LED lighting in the office section. There is a correlation between waste discharge and paper consumption. Therefore, the Fuchu Building and the Senri Building achieved waste discharge reductions of 45.1% and 34.7%, respectively, far surpassing their reduction target of 20%. A steep decrease in shredder waste and documents that must be dissolved for disposal as well as significant reduction in raw garbage and PET bottles contributed to the reduction. The head office building and the Shiba Building failed to achieve their reduction targets due to an increase

in paper waste and a temporary growth in waste following the consolidation of sites. Regarding green procurement of stationery goods, the practice of giving procurement priority to goods with the green product mark in procurement has taken hold, and the green procurement ratio came to 93%, higher than the target ratio of 91%.

When formulating our policy for activities related to environmental management systems in fiscal year 2014, we revised the reduction target items and the target figures. Regarding the direct impact items which can be directly managed, we selected four items—paper consumption, electricity consumption, waste discharge and green procurement—as before. Meanwhile, regarding the environmental objectives and target figures, we made it a principle to adopt fiscal year 2012, the first year of the business integration that created Sumitomo Mitsui Trust Bank (SuMiTB), as the base year, and set uniform targets for all sites. With respect to waste discharge reduction, we set an annual reduction target of 5% in real terms. As for electricity consumption reduction, we set an annual reduction target of 1.5% in real terms, more ambitious than the annual reduction target of 1% set by the Japanese Bankers Association. Regarding green procurement, while aiming for a green procurement ratio of 93%, a figure we achieved in fiscal year 2013, in fiscal year 2014, we set a medium-term goal of surpassing the record-high green procurement ratio of 94.6% that we achieved in fiscal year 2012.

Item	Building	Targets and results in FY2013				Future targets		
		Base year	Reduction target	FY2013 results		Base year	FY2014 environmental target	End of FY2016 environmental target
Paper consumption	Head office	2012	Down 15%	×	Down 2.3%	2012	Down 10%	Down 20%
	Fuchu	2008	Down 20%	×	Down 16.9%			
	Senri	2008		○	Down 26.9%			
	Shiba	2013	Down 10%	×	Down 2.1%			
Electricity consumption	Head office	2012	Down 5%	×	Down 1.9%	2012	Down 3%	Down 6%
	Fuchu	2010	Down 4%	×	Down 1.3%			
	Senri	2010	Down 2%	○	Down 2.8%			
	Shiba	2012	Down 1%	○	Down 2.6%			
Waste discharge	Head office	2012	Down 15%	×	0.5%	2012	Down 10%	Down 20%
	Fuchu	2008	Down 20%	○	Down 45.1%			
	Senri	2008		○	Down 34.7%			
	Shiba	2012	Down 10%	×	5.2%			
Green purchase	Head office, Shiba	2012	91%	○	93%	2012	93%	94.6%*

* FY2012 results

Internal Environment Examination and Assessment by External Auditors

As part of the PDCA cycle based on ISO14001, internal environment examinations are conducted by internal environment auditors every year between departments. The Group strives to secure the checking function with the ISO Office and ensures objectivity by conducting internal environment examinations together with outside experts. Most recently, we conducted an internal environment examination on 52 departments in November 2014.

Internal environment examinations are not only intended to check the status of activities and target achievement but are also used as an opportunity for departments to exchange information concerning effective initiatives. In addition to reducing the environmental burden, internal environment examinations also achieved benefits such as collaboration with such initiatives as operational efficiency improvement and cost reduction.

Reduction of Energy Consumption and CO₂ Emissions Related to Business Activities

The Group is striving to reduce the environmental burden in the form of both input such as electricity and gas used

Assessment by External Auditors

Positive assessments

- (1) It is easy to conduct analysis because a list of the results of internal examinations was compiled and assessments were visualized for individual grading ranks. In addition, an arrangement was made to enable individual departments to look at the examination results via intranet.
- (2) Continuously promoting development, dissemination and sales expansion of new CSR-related products every year in light of customers' needs means simultaneous achievement of environmental and business objectives and deserves very positive assessment. (Although this assessment was the same as last year's, it was mentioned again this year because it is important to provide products integrating finance and the environment.)
- (3) Start of efforts to simplify EMS with revision of the standard scheduled for 2015 in mind deserves positive assessment.

for business activities and output such as CO₂ emitted as a result of the activities. As SuMiTB is subject to the Act on the Rational Use of Energy, it calculates the volume of energy consumption and CO₂ emissions at all of its sites

Energy usage and CO₂ emissions (Domestic bases)

Energy usage		FY2009	FY2010	FY2011	FY2012	FY2013
Total volume of energy usage (heating value)	GJ	1,081,210	1,107,217	999,891	1,000,431	949,345
Total volume of energy usage (converted to crude oil)	kl	27,895	28,567	25,797	25,811	24,493
Energy usage intensity	kl/m ²	0.062	0.063	0.055	0.053	0.055
Electrical power	thousand kWh	95,656	96,831	87,081	85,901	79,933
City gas	thousand m ³	2,019	2,116	1,875	2,475	2,502
CO ₂ emissions		FY2009	FY2010	FY2011	FY2012	FY2013
Greenhouse gas emissions volume	t-CO ₂	45,900	45,545	40,233	47,867	50,380
Greenhouse gas emissions after adjustment	t-CO ₂	42,607	40,562	38,788	46,531	41,994
Emissions intensity	t-CO ₂ /m ²	0.102	0.101	0.086	0.099	0.114
Emissions intensity (after adjustment)	t-CO ₂ /m ²	0.095	0.090	0.083	0.096	0.095

Scope of calculation: SuMiTB facilities in Japan subject to the Act on the Rational Use of Energy. Group companies are tenants in some facilities.

Calculation method: The emission factors in "Ministerial Ordinance on Greenhouse Gas Emissions Produced in Conjunction with the Business Activities of Specified Emitters" were used. Emission factors and emission factors after adjustment for each electricity business were used as the electricity emission factors for calculation of emissions intensity.

CO₂ emissions at bases subject to the Tokyo Metropolitan Ordinance on Environmental Preservation

	FY2010	FY2011	FY2012	FY2013	Total
Standard emissions	t-CO ₂ 27,690	27,690	29,904	29,904	
Mandatory reduction ratio	% 8	8	8	8	
Maximum emissions limit	t-CO ₂ 25,476	25,476	27,513	27,513	105,978
Mandatory reduction	t-CO ₂ 2,214	2,214	2,391	2,391	9,210
CO ₂ emissions	t-CO ₂ 20,810	18,186	18,860	19,304	77,160
Emissions reduction	t-CO ₂ 6,880	9,504	11,044	10,600	38,028
Excess reduction	t-CO ₂ 4,666	7,291	8,653	8,209	28,819

Reduction status at SuMiTB's Fuchu Building, Shiba Building, Chofu Building, and Meguro Building with regard to the "Mandatory reductions in total greenhouse gas emissions and emissions trading system" of the Tokyo Metropolitan Ordinance on Environmental Preservation (Total for 4 bases). No emissions trades were conducted as of FY2013.

* Standard emissions and CO₂ emissions for each fiscal year have been verified by a third-party body.

Although the density of facilities has increased due to the consolidation of bases in FY2013, the volume of purchased electricity was reduced by promoting energy saving in office sections through progress in LED introduction and other measures. Total volume of energy use decreased 5.1% year on year, and the CO₂ emissions rate as converted to crude oil was held at the same level as the previous fiscal year. On the other hand, CO₂ emissions increased due to an increase in emission rates at electricity companies.

Of SuMiTB's base buildings, four are subject to the mandatory emissions reductions of the Tokyo Metropolitan Ordinance on Environmental Preservation. These buildings have achieved reductions in excess of the mandatory amounts through measures, which have been implemented previously, such as improving efficiency of heat sources.

across Japan using a common system.

In fiscal year 2013, total electricity consumption at all sites across Japan came to 80 million kWh, down 6.9% from 86 million kWh in the previous year.

City gas consumption remained almost unchanged from the previous year at 2.5 million m³.

In order to reduce CO₂ emissions, the Fuchu Building, which consumes the greatest volume of energy, introduced drastic energy conservation and CO₂ reduction measures, such as replacing existing power source systems with high-efficiency ones and curbing humidified steam output when outdoor air is used for computer room air conditioners, and was conducting energy system operation based mainly on electronic, air-cooled heat pump chillers. However, since the Great East Japan Earthquake, in order to give priority to reducing peak electricity consumption in summertime, the Fuchu Building has shifted the main operation to gas-burning cold water generators. As a result, while electricity consumption has declined since 2011, city gas consumption has increased steeply. In fiscal year 2013, we reduced total energy consumption in crude oil equivalent 5.1% from the previous year through a combination of several individual measures.

In fiscal year 2013, annual CO₂ emissions increased 5.2% from the previous year to 50,000 tons, largely because of an increase in the emission coefficients of electricity companies. After fiscal year 2011 onward, the emission intensity per floor area at our sites remained lower than 0.1t-CO₂/m². However, in fiscal year 2013, the emission intensity increased 15% from the previous year to 0.11t-CO₂/m² due to a decrease in the total floor area size of our sites caused by the consolidation of some sites and an increase in the emission intensity of electricity companies.

SuMiTB has four buildings—the head office building, the Fuchu Building, the Shiba Building and the Meguro

Building—that are subject to the obligation for reduction of CO₂ emissions under Metropolitan Tokyo's Environmental Security Ordinance. These buildings have achieved reduction in excess of the mandatory reduction as a result of the measures they have already been implementing, such as improving power source efficiency.

Other Initiatives to Reduce the Environmental Burden

We achieved 5.4% reduction in paper consumption from the previous year through a combination of detailed measures including adopting printer and copier default settings intended to reduce paper consumption. As for copy paper, we will strive to contribute to resource preservation by reducing logging of forests through improvement of the procurement ratio of recycled paper. We reduced the volume of paper disposal 21.8%, as the disposal of stored documents had run its course. The recycling ratio remained almost unchanged at 95%. We will reduce the volume of paper disposal by continuing to implement reduction measures at departments which are disposing of a large amount of paper and by thoroughly ensuring inventory control of printed materials and placement of orders for an appropriate amount of such materials. We will also continue to consider measures to raise the recycling ratio in cooperation with companies which recover paper waste and companies which possess recycling technologies.

The annual disposal volume of waste other than paper increased around 2.3-fold from the previous year because of the disposal of a large amount of waste at the time of the consolidation of sites and the cancellation of leasing contracts. The recycling ratio rose 14 percentage points from the previous year. Regarding waste other than paper, we will also strive to reduce the disposal volume and promote recycling of disposed-of materials.

Performance concerning Paper Consumption, Water Use, Waste Disposal and Recycling

	Unit	FY2009	FY2010	FY2011	FY2012	FY2013	Note
Paper consumption	t	963	898	992	808	764	Only site buildings
Recycled paper	t	385	338	377	592	524	
Water use	thousand m ³	201	200	151	210	193	Excluding some branches
Total waste disposal	t	2,077	1,882	1,766	1,749	1,972	Only site buildings
Paper disposal	t	1,601	1,360	1,360	1,361	1,064	Only site buildings
Recycled amount	t	1,559	1,334	1,309	1,296	1,015	
% of total	%	97	98	96	95	95	
Other waste disposal	t	432	471	406	387	909	Only site buildings
Recycled amount	t	177	233	207	96	357	
% of total	%	41	49	51	25	39	

Tabulation scope: Site buildings (excluding some branches in the case of water use)

2 Operational Improvement of Environmental Management

Establishment of Medium- to Long-Term Targets

The Group sets medium- to long-term targets for reducing CO₂ and creating a circulatory society with a view to enhancing initiatives of the whole Group. SuMiTB has defined the targets based on the figures set by the Japanese Bankers Association, and will update them to SuMiTB's specified figures that are derived from the Strategic Energy Plan, which will be released by the national government.

Initiatives to Reduce the Environmental Burden at Group Companies

In October 2013, we started operating an environmental management system at the Shiba Building, half of whose total floor space is occupied by our group companies. From the beginning, Group companies engaged in building maintenance, IT and back office operations that are tenants of the head office building, the Fuchu Building and the Senri Building, all of which are ISO14001-certified, have been implementing measures to reduce the environmental burden under the same framework as SuMiTB's. We will expand such initiatives to group companies which are tenants of the Shiba Building in addition to group companies which are tenants of those buildings.

Meanwhile, Nikko Asset Management Co., Ltd. and Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. are operating independent environmental management systems. Nikko Asset Management is the pioneer of SRI as exemplified by its development of the first SRI in Japan, Nikko Eco Fund, in August 1999. In 2001, Nikko Asset Management became the first Japanese asset management company to obtain the international standard certification for environmental management systems (ISO14001), and it is implementing advanced environmental initiatives compared with other domestic financial institutions. Regarding reduction of copy paper consumption, electricity conservation, promotion of segregated waste disposal, reduction of incinerated waste

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

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

and green procurement, Nikko Asset Management set targets and achieved the targets concerning most items in fiscal year 2013 by raising awareness among all employees.

Nikko Asset Management's Three Environmental Policies

Increase green investors

As flows of funds through socially responsible funds (SRIs) are very significant for preservation of the environment, Nikko Asset Management strives to increase green investors.

Promote office activities such as energy and resource conservation

Nikko Asset Management strives to promote energy and resource conservation and recycling of waste and expand green procurement in offices. Nikko Asset Management also strives to prevent environmental pollution by complying with laws, regulations and other requirements related to the environment.

Develop information disclosure

Based on the recognition that it is extremely important from the perspective of the preservation of the environment that information disclosure related to the environment takes hold and develops as a social system, Nikko Asset Management develops information disclosure by actively disclosing information concerning its environment-related initiatives, including the environmental policies.

Environmental Performance of Nikko Asset Management

		FY2012	FY2013	FY2013 target	Achievement status	
Electricity consumption	thousand kWh	1,068	1,025	Maintain the previous year's level	Down 4.0%	○
Total energy consumption	GJ	13,928	13,279	Maintain the previous year's level	Down 4.7%	○
CO ₂ emissions	t-CO ₂	532	508	Maintain the previous year's level	Down 4.5%	○
Copy paper procurement amount per employee	Piece	660	628	Reduce 5% from the previous year	Down 4.9%	△
Stationery goods green procurement ratio	%	57.2%	58.6%	60%	—	△

Facility covered by the above data: head office building (Midtown)

CO₂ emissions: calculated based on the calculation method of specified greenhouse gas emissions under Metropolitan Tokyo's Environmental Security Ordinance.

Sumitomo Mitsui Trust Panasonic Finance aims to reduce electricity consumption, copy paper consumption and gasoline consumption. Electricity consumption declined from the previous year due to a decrease in the floor area size caused by relocation to another building, and gasoline supply also declined due to a decrease in the number of owned vehicles and the introduction of electric vehicles for sales activities in neighboring areas. Sumitomo Mitsui Trust Panasonic Finance reduced copy paper consumption 14.1% by introducing paperless meetings and by changing the work flow through the adoption of electronic internal application forms. The introduction of paperless meetings not only helped to conserve energy and reduce the environmental burden through a decrease in copy paper

consumption but also brought two other benefits—reduction of paper cost and operational efficiency improvement—at the same time. In particular, the fact that more than 100 meetings per year have become paperless means that more than 30 hours of labor that were previously allotted to copying work can be used for other work.

Environmental Performance of Sumitomo Mitsui Trust Panasonic Finance

		FY2011	FY2012	FY2013
Copy paper	piece	20,947,200	20,988,000	18,016,100
Gasoline	l	—	186,384	167,991
Electricity	kWh	2,574,005	1,950,228	1,683,804

3 Strengthening Supply Chain Initiatives

SuMiTB makes it a priority to purchase environmentally friendly products, such as products covered by green purchasing and energy-saving products, in the case of purchasing of stationery and equipment for in-house use. For photocopying paper, which is used in particularly large amounts among purchased products, we have centralized the procurement process through an order placement system common to the departments of the head office and all branches since January 2013, with a view to achieving cost reduction and environmental burden reduction at the same time. SuMiTB aims to conserve resources and contribute to the preservation of forest resources by actively making effective use of paper resources through using copy paper 100% made of recycled paper.

Beside going quantitative resource conservation, SuMiTB

believes that not only its own independent initiatives but also cooperative relationships with suppliers will become important to prevent illegal logging of tropical rainforests and secure the sustainability of natural capital. In November 2013, we established the Consortium for Sustainable Paper Use with WWF Japan and other paper-user companies. Since the establishment of the consortium, SuMiTB has repeatedly held dialogue with paper producers, paper merchandisers and printing companies toward the common goal of contributing to the diffusion of paper products based on the ESG initiatives throughout the supply chain, from forest management to paper production and sales.

In order to promote green procurement and sustainable paper use based on ISO14001, SuMiTB has been promoting participation in the consortium and the CSR purchasing initiative. Moreover, Sumitomo Mitsui Trust Group will formulate the CSR procurement policy, which prescribes priority purchase of goods and services that give consideration to the environment and society and will promote the CSR procurement initiative that involves group companies. In order to securely promote CSR procurement, not only the activities of the Group as a user but also cooperation from suppliers involved in production and sales are necessary. In cooperation with suppliers, we plan to expand the scope of product items covered by CSR procurement to paper products, printed materials and stationery goods well as office machinery and equipment. (As for the CSR procurement policy, please refer to Page 80)

Basic Philosophy of "Consortium for Sustainable Paper Use"

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

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

Initiatives to Earn the Trust of Clients

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



1 Client Protection Management

Basic Policy

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

Given these conditions, the Group regards client protection as one of its most important management issues. To meet the expectations and trust clients place in the Group, Sumitomo Mitsui Trust Holdings (SuMiHD) has established a basic policy in its Client Protection Management Rules to enable each Group company to enhance client protection and convenience. Checking and promotion systems have also been developed, so the Group complies with these and carries out business activities in a fair and just manner.

By developing these systems, the Group is promoting various initiatives to address issues and problem areas, and enabling appropriate action based on self-discipline.

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

Outline of Initiatives

Providing Appropriate Information to Clients

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

For instance, our policy for the solicitation and sales of financial instruments is available for clients to see at our

Solicitation Policy (Sumitomo Mitsui Trust Bank)

1. Explain the basic policy

The Company practices "completely client-oriented" service and "strict compliance with applicable laws and regulations," as prescribed by the codes of conduct of Sumitomo Mitsui Trust Group, and recommends financial instruments based on this solicitation policy so that clients can make appropriate judgment.

2. Recommend financial instruments suited to clients.

The Company recommends financial instruments suited to clients according to their "knowledge," "experience," "asset situation" and "purpose of transactions."

3. Explain the contents of financial instruments in an easy-to-understand manner

The Company explains not only the contents and merits of financial instruments we provide but also risks and fees in an appropriate, easy-to-understand manner so that they can be fully understood.

4. Make appropriate explanations and conduct appropriate solicitation activity

The Company does not make explanations or conduct solicitation activity that may mislead clients, such as communicating false information or providing definitive explanations concerning uncertain matters.

5. Strive to conduct solicitation activity convenient for clients.

The Company strives to conduct solicitation activity via telephone or visit at a time, place and means convenient for clients.

6. Strive to improve in-house systems

The Company strives to improve in-house systems so that we can provide financial instruments suited to clients. The Company also strives to acquire accurate knowledge and master ways of providing easy-to-understand explanations.

7. Created a consultation contact point for clients

branches and on our website. We also ensure that the aforementioned actions are appropriately taken from the clients' standpoint by ensuring compliance with the suitability rule* and establishing company regulations through the compilation of a client manual regarding the provision of adequate explanations, etc., as well as through the thorough training we give to our employees.

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

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

Client Information Management

The Group has established the Declaration for the Protection of Personal Information as a policy to securely protect the personal information of its clients. Furthermore, the Group manages client information appropriately, and when using client information jointly in the Group, each

company complies with laws on personal information protection, guidelines on personal information protection in the financial industry, and other related laws and regulations so as to ensure appropriate use of such information.

Client Support Management

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

Outsourcing Management

When outsourcing its operations, the Group conducts monitoring through verification and evaluation of contractors' operations to ensure proper performance of the operations as well as appropriate handling of clients, including appropriate management of client information. (See page 79.)

Sumitomo Mitsui Trust Group Privacy Policy

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

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

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

2. Appropriate Acquisition

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

3. Purpose of Use

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

4. Consignment

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

5. Offering to Third Parties

The companies in the Group shall not provide to any third party personal information held for clients without obtaining prior consent from the client except in cases specified by laws and regulations. However, if the

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

6. Responding to Inquiries from Clients, etc.

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

7. Safety Measures

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

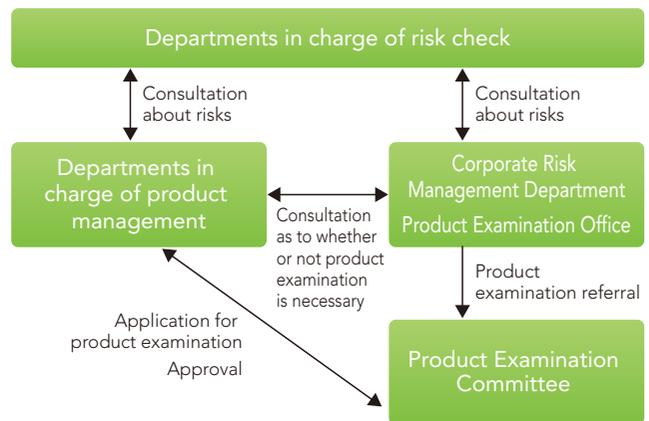
8. Continuous Improvement

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

Systems for Introducing New Products and New Operations

When starting to handle new products or when engaging in new operations, it is necessary to identify and evaluate the places and types of inherent risks, develop infrastructure necessary for management and conduct sufficient advance study so as to ensure appropriate management. To that end, we have set product examination rules and guidelines for administrative procedures for product examination. In product examination, various risks are checked. In this process, we check risks borne by clients and the system for explanation of the risks and solicitation of clients. In addition, we conduct risk management with a view to securing clients' trust. For example, we conduct appropriate checks as to the suitability of customers when selling products.

Flow Chart of Introduction of New Products and New Operations



2 Efforts to Enhance Customer Satisfaction (CS)

Basic Policy

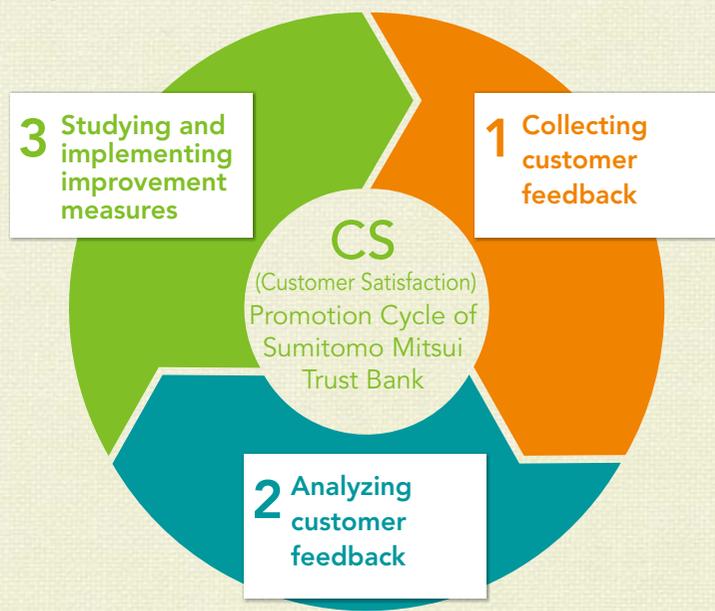
A wider choice of financial institutions and products is now available to clients, thanks to advances in information technology in our society. Financial institutions are now expected to offer higher levels of services. The Group is responding to today's demands by continually improving its products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

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

Outline of Initiatives

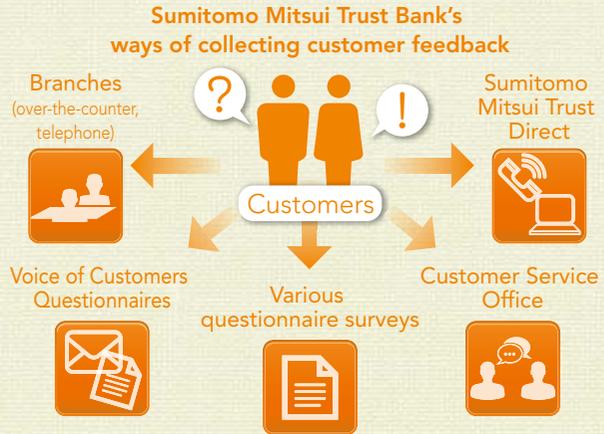
Our System for Applying Customer Feedback

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



1 Collecting Customer Feedback

SuMiTB highly values not only feedback collected through the "Voice of Customers Questionnaires" and mail questionnaire surveys but also customer feedback included in inquiries, consultations and requests we handle routinely and such feedback is used for improving its operations.



Five ways of collecting customer feedback

Branches

(over-the-counter, telephone)

Customer feedback is recorded in a dedicated system so that it can be used to make improvements. In addition, there is a system that enables company-wide sharing of feedback in cooperation with the head office.



Sumitomo Mitsui Trust Direct

Procedures are implemented via telephone and inquiries, and consultations and opinions are also received and are used to make improvements. Such feedback is also communicated to and shared by relevant departments.



Various Questionnaire Surveys

Various questionnaire surveys are conducted to solicit opinions regarding SuMiTB's products and services.



Customer Service Office

Customers' opinions and requests are received via telephone, postal mail and Internet.



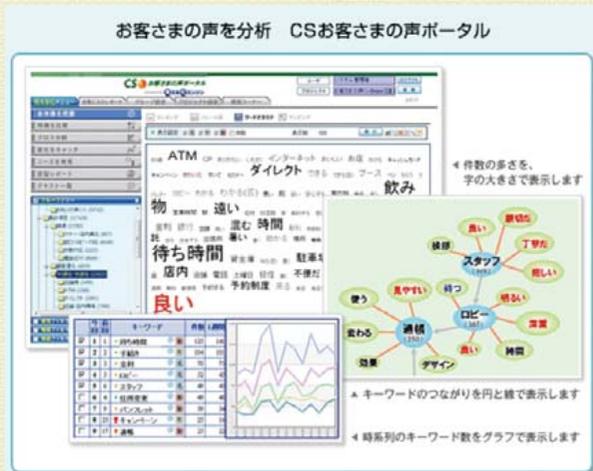
Voice of Customers Questionnaires

The "Voice of Customers Questionnaires" are available at branches across Japan. Customers may send back the questionnaire via mail or the "Voice of Customers Posts" installed within the branches to convey their opinions and requests. We also receive opinions and requests from customers during visits to them.



2 Analyzing Customer Feedback

In order to realize customer satisfaction by utilizing the more than 100,000 cases of feedback we receive each year, we use the "CS Voice of Customers Portal," a system to analyze customer feedback. We are striving to meet customers' needs by making customer feedback "visible" so that we can better "recognize" customer needs.



3

Studying and Implementing Improvement Measures

Regarding opinions and requests received from customers, branches and the head office cooperate in investigating and analyzing the causes and identifying problems. Based on the results, we study improvement measures and strive to provide better products and services.



Example Cases of Improvement Based on Feedback from Individual Customers

We will pay attention to each customer feedback and use it to realize customer satisfaction. Customers' smiles and words of appreciation give us a sense of fulfillment and pleasure. We will continue to strive to better serve customers as a bank.

Example cases of improvement at branches

"Please eliminate the level difference at the entrance door."
(Ikebukuro Higashiguchi Branch)

Improvement

We eliminated the level difference by replacing the threshold with a sloped approach and also installed handrails.

"Please expand the partition between ATMs to better keep privacy."
(Omori Branch)

Improvement

We installed larger partitions, thereby ensuring better safety and security.

"Please place helmets in places where they can be found more easily at new branches in preparation for an earthquake."
(Sendai Branch and Sendai-Aoba Branch)

Improvement

We have placed helmets at two places in the lobby. Lobby attendants will distribute helmets as necessary.

"What should I do if an earthquake occurs while I am in the branch?"
(Yao Branch)

Improvement

We have posted the "Yao City Disaster Management Map (in the case of earthquakes)" in the lobby in preparation for an emergency so that customers can see where the refuge areas are located.

"Lighting within the branch is dim."
(Toyonaka Branch)

Improvement

We arranged lighting so as to enhance the lighting effects. We also replaced existing fluorescent lamps with energy-efficient ones.

Example Cases of Improvement Based on Feedback from Individual Customers (continued)

Example Cases of Web Service Improvement

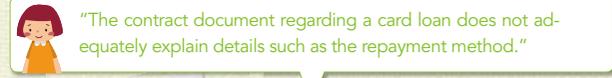
Creation of a new display indicating comparison of trends in standard prices of investment trusts



When you select the check mark icon of the fund(s) (up to five funds can be chosen at a time) you would like to compare with other funds on the "List of Standard Prices of Investment Trusts" on our website and click the "Fund Comparison" button, graphs showing trends in standard prices in periods until now (six months, one year and three years) are indicated for comparison.

Example Cases of Product/Service Improvement

Revision of loan-related contract documents



Based on customer feedback, we revised the contract document so as to indicate the repayment method, etc. in detail in light of the actual circumstances.

Showing Example Cases in Posters in Branches across Japan

We are showing example cases of improvement based on customer feedback in posters posted at branches across Japan. Please look at the posters when you visit our branches.



Example Cases of Improvement Based on Feedback from Corporate Customers

Example Case of Product Improvement

Trust Business



We started handling "issued deposit money trusts"* targeted at customers who issue prepaid payment instruments (prepaid cards, IC-based electronic money, etc.)

* A protection method using a trust scheme that was added as a result of the revision of the protection obligation related to the unused balance of prepaid payment methods.

Example Case of Service Improvement

Defined-contribution Pension Business



We support client companies' investment education for members and also provide investment education services, including training programs, web service and e-learning tools.

Barrier-Free Facilities

SuMiTB is implementing a variety of initiatives in order to ensure that its branches are accessible to all.

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

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



Outline of Initiatives

Initiative to Enhance Employees' CS Awareness

SuMiTB devotes efforts to education and training of employees so that they can practice customer-oriented service.

Contents of major education and training programs

Holding CS lectures

Officials from non-financial sectors, such as theme park and airline companies, are invited as lecturers to hold seminars for employees in order to improve the quality of services and customer reception.



Training Program for New Hires

In the training program, new hires not only learn about business manners in general, including how to greet customers and how to hand business cards but also are required to hold discussions on what customer service that takes customers' standpoint means. Such training raises their CS awareness so that they can smoothly master how to realize customer satisfaction.



Training of Over-the-Counter Service Personnel

In training of over-the-counter service personnel, trainees receive lectures and hold discussions on such themes as what to do in order to realize customer satisfaction. Through the training, they learn about higher-quality services provided from customers' standpoint.



Customer Service Role Playing

Role playing is implemented, with employees acting as customers, and employees evaluate each other's performance. In addition, the role playing is recorded on video so that employees can check their own performance and improve their customer service skills.



Aging Simulation Experience Seminar

Employees attend the "aging simulation experience seminar," in which they experience the simulated life of elderly people by wearing eye-glasses and weights. This is intended to improve service for elderly people.



Ranked Third in Overall Category in Retail Banking Survey

SuMiTB ranked third overall in the 10th annual retail banking survey*, which was published in a September 2014 edition of the *Nikkei Veritas*. Our product lines in particular were highly evaluated in asset management and housing loans, taking first place in both categories.

Wrap accounts, in which we manage funds on behalf of clients, are one of SuMiTB's strengths. We are further expanding our line of products that leverage wrap account know-how such as the investment trust Core Wrap and the insurance product Wrap Life. SuMiTB promotes the upgrading of skills of the employees who sell these products, giving them wide-ranging knowledge of investments and enabling them to clearly explain products to clients.

With housing loans as well, we are working to improve peace of mind and convenience for clients. We are extensively streamlining sales and administrative operations, offering competitive rates and providing unified financing for purchase and renovation costs for resale homes, among other measures.

We will continue making our efforts to improve services by strengthening Internet banking and call center functions.

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

