

Sumitomo Trust's CSR



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

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

It goes without saying that the financial business is highly social and public by nature. For a financial institution, operating its main business in a sound manner is a very important social responsibility. Sumitomo Trust believes that our responsibilities go far beyond this and will seek to enhance its corporate value by identifying problems impeding the sustainable development of society, and creating business opportunities that will contribute to resolving those problems. In this sense, the above maxim offered by Teigo Iba, Second Director General of the Sumitomo Family Enterprise, serves as the basis of our commitment to CSR.

(1) Sumitomo Trust's Basic Policy Regarding CSR Activities

Sumitomo Trust's basic policy regarding CSR is to contribute to the sustainable growth of society through the 5 Paths (see the reverse-side of the cover page), while enhancing our own corporate value. CSR, therefore, is an integral part of the management strategy and represents our efforts to differentiate ourselves from our competitors.

Furthermore, CSR is a core element of the corporate culture that suits this new era, as it enhances employees' awareness of their social responsibility and fosters an enterprising spirit that

would encourage them to recognize business opportunities in resolving social problems.

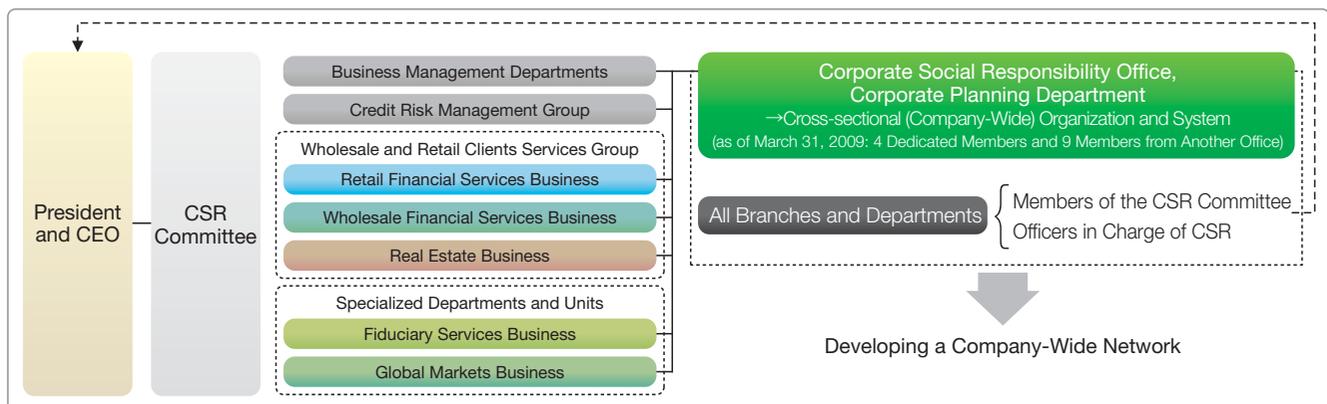
In order to clarify the Sumitomo Trust Group's basic stance and employees' attitudes on CSR, we drew up the “Social Activity Charter” in December 2003. Along with the “Ethics Charter of Sumitomo Trust,” the “Social Activity Charter” serves as a code of conduct for all officers and employees of Sumitomo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

(2) Structure for Promoting CSR Activities

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

Meanwhile, the Corporate Social Responsibility Office under the Corporate Planning Department oversees practical affairs related to CSR activities. The members of the CSR Committee and the officers in charge of CSR at our head office and at all branches and departments promote CSR activities.

CSR Promotion Structure



History of Our CSR Activities

2003

June

Development of a structure to promote CSR management; establishment of the CSR Committee and Corporate Social Responsibility Office (the latter within the Corporate Planning Department)

July

Establishment and launch of SRI (Socially Responsible Investment) funds for corporate pensions

October

Participation in the United Nations Environment Programme Finance Initiative (UNEP FI)

December

Formulation of the "Social Activity Charter"

■ Social Activity Charter

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

- 1. Pursue sustainable social development**
We shall target the sustainable growth of society while maximizing our own corporate value.
- 2. Create new levels of value and foster economic development**
We shall target the sustainable growth of society while maximizing our own corporate value.
- 3. Protect the natural environment**
To preserve our natural heritage for future generations, we shall seriously and proactively tackle environmental issues, including the protection of ecosystems and the preservation of biological diversity, by taking full advantage of our financial capabilities.
- 4. Protect human rights**
Recognizing that there is no asset as valuable as our people, we shall respect the personality and individuality of each and every person, in order to foster prosperity in our communities.
- 5. Comply with regulations**
Demonstrating our role as a good corporate citizen, we shall adhere strictly to all laws, regulations, and social rules so that we can fulfill our responsibility as an important member of society.

■ Ethics Charter of Sumitomo Trust

- 1. Securing unwavering trust from society**
Sumitomo Trust fully understands its social responsibility and public mission as a trust bank which puts priority on confidence and integrity, and aims at securing unwavering trust from society, by engaging in sound business on the basis of rigorous self-discipline.
- 2. Providing products and services meeting the expectations of society and adapting to changes**
Sumitomo Trust provides high-quality financial products and services, by constantly adapting itself to changes in the business environment and grasping new social requirements accurately and promptly.
- 3. Strict adherence to laws and social regulations**
Sumitomo Trust strictly adheres to all laws, regulations and social codes. At the same time, it respects human rights and does not trespass against moral law, behaving with honesty and fairness.
- 4. Spirit of open-mindedness, generosity and respect of one's personality and individuality**
Sumitomo Trust's Directors are united in aiming at open-mindedness and generosity in managing the Bank, by creating a pleasant working environment and respecting everyone's personalities and individuality.
- 5. Strong stand against anti-social elements**
Sumitomo Trust maintains a strong stand against any social element which threatens public order and safety.
- 6. Transparency in management at all times**
Sumitomo Trust resolutely preserves the transparency of its management through the timely disclosure of corporate data.

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

2004

March

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

September

Began publishing the CSR Report (Japanese and English)

December

Development of the in-house CSR network (placement of CSR Committee members and officers in charge of CSR in all branches and departments)

2005

June

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

July

Participation in UN Global Compact (a first for a Japanese bank)

2006

January

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

May

Accession to the Principles of Responsible Investment

September

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

2007

April

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

June

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

August

Began the establishment of the environmental management system with a view to obtaining ISO14001 certification (became operational in July, 2008)

2008

May

Signing of a leadership declaration under the Business and Diversity Initiative at the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity (COP9)

July

Establishment of the Basic Policy on Global Warming and the Basic Policy on Biodiversity-Related Issues

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

2009

March

Obtained ISO14001 certification

Environmental Communication Awards 2008: Received the Environmental Report Award

* This fund was recognized as the "Fund of the Year 2005," and received an award for outstanding performance in the category of domestic hybrid funds. In January 2007, it received the same award for the second consecutive year.

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

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

Accession to the Principles for Responsible Investment



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

Accession to the United Environment Programme Finance Initiative (UNEP FI)



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

Accession to the Carbon Disclosure Project (CDP)



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

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

The UNEP FI PWG, comprised mainly of members of UNEP FI, is an organization that is aimed at promoting property finance that facilitates sustainable development, namely “Responsible Property Investment” (RPI). In addition to joining the working group in June 2007, Sumitomo Trust held the annual meeting in November 2008, and in August 2009 we became a member of the media team that promotes RPI.

Signing of a Leadership Declaration under the Business and Biodiversity Initiative



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

Signing the United Nations Global Compact (UN Global Compact)



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

UN Global Compact

(Human Rights)

Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2. Make sure that they are not complicit in human rights abuses.

(Labor Standards)

Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4. the elimination of all forms of forced and compulsory labor;

Principle 5. the effective abolition of child labor; and

Principle 6. the elimination of discrimination in respect of employment and occupation.

(Environment)

Principle 7. Businesses should support a precautionary approach to environmental challenges;

Principle 8. undertake initiatives to promote greater environmental responsibility; and

Principle 9. encourage the development and diffusion of environmentally friendly technologies.

(Anti-corruption)

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

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

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

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

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

the environment, it is essential to establish a flexible flow of business processes that would enable product development, through the utilization of external networks to identify the seeds of new businesses, as well as through collaboration among relevant internal departments. In fiscal year 2008, the CSR Office took the initiative in developing environment-related products, and they have been taken up in the business plan by each of Sumitomo Trust’s business, thus, allowing us to build a seamless CSR and core business management system.

Promoting social contribution activities by individual branches and departments (“With You” activities) is another important task of the CSR Office. In fiscal year 2006, Sumitomo Trust branches started to draw up long-term goals and annual action plans, and the CSR Office has actively supported the implementation of the plans through communications with them. In addition, the CSR Office allocates a special budget with a view to invigorating “With You” activities. This special CSR budget has been actively utilized by branches.

Comment

from the Officer in Charge of Promotion

2009 marks the 10th anniversary of the launch of SRI in Japan. As a leading company in the Japanese SRI industry since we started managing an SRI fund for a corporate pension fund in 2003, we are hanging our heads in shame for the ever-widening gap between the Japanese SRI market and its European and U.S. counterparts. With this thought, we made it a point to highlight SRI in our CSR report for fiscal year 2009. Regarding the Dialogue with Stakeholders, to which top leaders with expertise in SRI were invited, we have posted the full text on our website as we were unable to include all the valuable comments in this report. We are eager to make 2009 a new year for SRI in Japan.

We are currently taking on challenges in new fields, such as environmentally friendly property, biodiversity and finance, and SRI/environment in China. We will continue our efforts so that our commitments will bear fruit in solving environmental problems in Japan and other parts of the world.



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