

CSR REPORT
2014



Management Principles ("Mission")

- (I) Swiftly provide comprehensive solutions to our clients by fully utilizing the significant expertise and comprehensive capabilities.
- (II) Adhere to the principles of sound management based on a high degree of self-discipline with the background of "Trustee Spirit" and establish strong credibility from society.
- (III) Strive to fulfill all shareholder expectations by creating distinct values through fusing the various functions featuring the trust bank group.
- (IV) Offer a workplace where the diversity and creativity of its employees are more fully utilized to add value to the organization and where employees can have pride and be highly motivated in fulfilling their missions.

Ideal Model ("Vision") —Towards "The Trust Bank"—

Based on the "Trustee Spirit" and with significant expertise and comprehensive capabilities, Sumitomo Mitsui Trust Group will create distinct values by leveraging a new business model, combining its banking, asset management and administration, and real estate businesses, and will move onto the global stage as a leading trust bank group which boasts the largest and highest status in Japan.

Codes of Conduct ("Value")

In order to pursue the Management Principles of Sumitomo Mitsui Trust Group, the executives and employees commit themselves to comply with the six Codes of Conduct described below.

Completely Client-oriented—Truthfulness and Loyalty

We will adhere to the highest degree of "Truthfulness and Loyalty" as well as credibility and sureness, and will carry out all our responsibilities for client satisfaction and comfort as our top priority.

Contribution to Society—Dedication and Development

We will remain dedicated in all our efforts, with "Frontier Spirit," and continue to contribute to society.

Realization of Organizational Capability—Trust and Creativity

We will realize our organizational capabilities with full of mutual trust and creativity through improvement by mutual learning and continuous personal transformation of various people who share the enthusiasm for trust.

Establishment of Individuality—Self-help and Self-discipline

With a spirit of self-help and self-discipline as well as a sense of ownership, we will carry out our responsibilities.

Strict Compliance with Applicable Laws and Regulations

We will strictly comply with all applicable laws, rules and regulations, and will ensure that all our corporate activities meet the highest standards of social norms.

Resolute Stance against Antisocial Forces

We will continue to take a resolute stance against antisocial forces, which may threaten public order and the security of civil society.



Symbol Mark

The symbol mark features "Future Bloom" representing the vision of Sumitomo Mitsui Trust Group, which is "to generate new value through the combination of significant expertise and comprehensive capabilities, and to help the future of our clients and society bloom."



Corporate Color

The corporate color is "Future Blue," which represents the integration of the sense of value that the symbol mark implies, and evokes the closeness and the future.

Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy)

At Sumitomo Mitsui Trust Group, based on our Management Principles ("Mission"), our Ideal Model ("Vision") and our Codes of Conduct ("Value"), we respect dialogue with all stakeholders, such as clients, shareholders, investors, employees, business partners, local communities, NPOs, government authorities and international institutions, and play an active role in building a sustainable society.

1. Contribute to Solving Social and Environmental Problems through Business

- We work to solve social and environmental problems from a global perspective through our core businesses.
- We integrate the diverse functions that are unique to a trust bank group and develop new business models and innovative products and services to help solve social and environmental problems.

2. Serve Clients with Sincerity

- We strive to provide in-depth explanations and proposals so that clients can fully understand the details of our products and services. In addition, we make efforts to quickly meet the demands of clients and link their feedback to business improvements and product and service enhancement.
- We strive to undertake meticulous management of client information.
- We engage in educational and awareness-raising activities by cooperating with educational institutions, government authorities, NPOs, etc., to enable clients to take the lead in rationally selecting financial products and building sound assets.

3. Earn the Trust of Society

- We strictly adhere to all laws, regulations and rules, and conduct our activities in a sincere and fair manner that conforms to societal norms.
- We build sound and proper relationships with stakeholders, and fulfill our responsibilities as a member of society, engaging in fair competition and appropriate disclosure of corporate information, etc.
- We maintain a resolute stance against antisocial forces which threaten public order and safety, and work to prevent improper use of financial functions by organized crime.

4. Address Environmental Issues

- We aim to build a low-carbon society, a natural symbiosis society which fosters biodiversity, and a circulatory society, and will work to solve problems which obstruct these aims through our core businesses by cooperating with various stakeholders.
- We work on energy and resource conservation to reduce the environmental burden caused by our own activities.

5. Respect the Individual

- We respect individual rights and diverse values, rejecting unjustifiable acts of discrimination in all our activities.
- We create a safe and pleasant workplace environment, respect employees' diverse ways of working, and strive to achieve work-life balance.
- We work to develop the skills of employees and strive to build sound minds and bodies.

6. Participate in and Contribute to the Community

- We aim to revitalize the community and build a rich living environment in cooperation with various partners in all communities where we engage in corporate activities, through our business activities and social contribution such as educational and cultural activities.

Editorial Policy

Editorial Policy of the Corporate Social Responsibility (CSR) Report

This CSR report adopts as a vantage point “Creating Shared Value (CSV),” a concept propounded by Professor Michael E. Porter of Harvard Business School, and references the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines that were released in May 2013.

Specifically, we worked to ensure our information disclosure is along the lines of the GRI G4 materiality concepts in each of the three processes that lead to CSV.

In response to readers’ various needs, as we did for 2013, we publish our 2014 CSR report in three styles: a full report, a digest report, and feature booklets on *Climate Change*, *Natural Capital*, *Responsible Investment*, and *Environmentally Friendly Property*. Please visit our website to view our other CSR initiatives.

* We have attached a questionnaire at the end of this report so that we can receive the forthright opinions concerning this report and the Group’s CSR activities. Please feel free to use this questionnaire to inform us of your opinions and impressions.

Scope of This Report:

Sumitomo Mitsui Trust Group (comprised of Sumitomo Mitsui Trust Holdings, Inc., Sumitomo Mitsui Trust Bank, Limited, and other group companies)

Target Readers:

All stakeholders, including customers, shareholders and investors, employees, business partners, local communities, NPOs, governments, international institutions, etc.

Period Covered by This Report:

October 1, 2013 to September 30, 2014

* This report also includes the most recent information on activities before fiscal year 2013 as well as after October 2014.

Reference Guidelines:

Global Reporting Initiative (GRI)

“G4 Sustainability Reporting Guidelines”

* For tables comparing GRI guidelines and information in our CSR report, please refer to the section from page 124.

In response to reader needs, our CSR report is available in three styles.



Our website carries extensive information on the CSR activities that Sumitomo Mitsui Trust Group does not cover in this report.

Specifically, this website provides more detailed information on our initiatives related to issues such as successful aging and support for the environment and living creatures.



CSR in Sumitomo Mitsui Trust Group
<http://smth.jp/en/csr/index.html>

We issue a regular report on social contribution activities (“With You” activities).

The quarterly journal “SuMi TRUST With You” reports on the “With You” social contribution activities of SuMiTB branches across Japan.



Sumitomo Mitsui Trust Group is working for biodiversity conservation, including protection of rare species.



Cover photo: Steller's sea eagle
[Haliaeetus pelagicus]

The Steller's sea eagle is listed as an endangered species. The Group designates a public interest organization that promotes the National Trust movement that aims to purchase land that forms the natural habitat of endangered species as one of the recipients of donations from its social contribution donation trust.

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Process 1 CSR Activities that Create New Financial Businesses



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Process 3 CSR Activities to Enhance Trust and Strengthen the Business Base



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Management Commitment

We will fulfill our financial role in contributing to the formation of a sustainable society, particularly the role of our Group as a specialized trust bank.



Kunitaro Kitamura
President

Hitoshi Tsunekage
Chairman

Introduction

The environment surrounding companies is currently undergoing major changes. Corporate activities that emphasize social and environmental considerations are attracting the attention of institutional investors, especially in the capital markets of Europe and the U.S., and have come to occupy a significant position as factors in deciding where to invest. In Japan, too, the Japanese version of the Stewardship Code, a set of principles for responsible institutional investors to encourage sustainable growth by corporations through investment and dialogue, was introduced in February 2014. Institutional investors are now called upon to have an accurate understanding of the status of portfolio companies' response to risks involving social and environmental problems. In concert with this, the revised version of the "Japan Revitalization Strategy" announced by the government in June includes the planned establishment of the "Corporate Governance Code," which is a guideline for governance of listed companies. The draft of the code now being considered calls on companies to implement appropriate responses to issues involving sustainability, such as social and environmental problems. This revision is very much based on the awareness that "Creating Shared Value" is indispensable for each company in order to achieve sustainable growth and increase corporate value in the medium- to long-term; that is, each company must create social value by addressing social needs and problems while creating economic value such as through the pursuit of their own profitability and growth potential.

We are focused on solving the ESG issues of our clients and of our Group.

At Sumitomo Mitsui Trust Group (the "Group"), we have actively pushed forward in "Creating Shared Value," putting it as the cornerstone of our CSR activities.

With a view to creating new financial businesses that contribute to resolving social issues, we have focused on efforts such as solar loans for solar power generation equipment targeting individual clients, responsible investment funds

for institutional investors, and consulting services on environmentally friendly construction. In addition, we developed the "Foreign Currency Revolution—Serenity" package in December 2014 as the first service of its kind in the industry offering foreign currency time deposits accompanied by cancer and nursing care insurance at no charge. Furthermore, as activities aimed at alignment of our business activities with society, we are striving to build a management system to understand and conduct integrated management of ESG risks inherent to Group company operations as a whole, as well as working on measures to strengthen governance in conformity with the Japanese version of the Stewardship Code and the Corporate Governance Code.

We contribute to the formation of a sustainable society.

While the concept of CSR and related initiatives are gradually penetrating Japan, the scope and seriousness of the social issues we need to resolve are steadily increasing with the progress of globalization. The Group will continue to leverage the diverse functions unique to a trust bank group with the aim of being the "foremost sustainability bank," contributing to the formation of a sustainable society. We look forward to your warm continued support and cooperation in these endeavors.

January 2015



Hitoshi Tsunekage, Chairman



Kunitaro Kitamura, President

Creating Shared Value through Strategic CSR

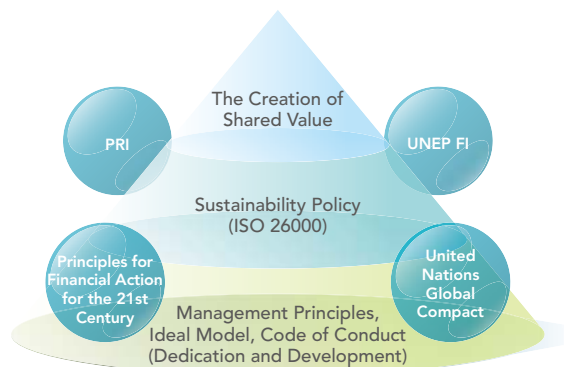
The Cornerstone of “Creating Shared Value (CSV)”

“Creating Shared Value” is the concept of companies creating social value by addressing society’s needs and challenges while simultaneously creating their own economic value.

Sumitomo Mitsui Trust Group’s (the “Group”) pursuit of CSV is based on its Management Principles (“Mission”), Ideal Model (“Vision”), and Codes of Conduct (“Values”), as well as its Sustainability Policy—its basic policy on social responsibility. These policies identify our approach to creating economic value and social value.

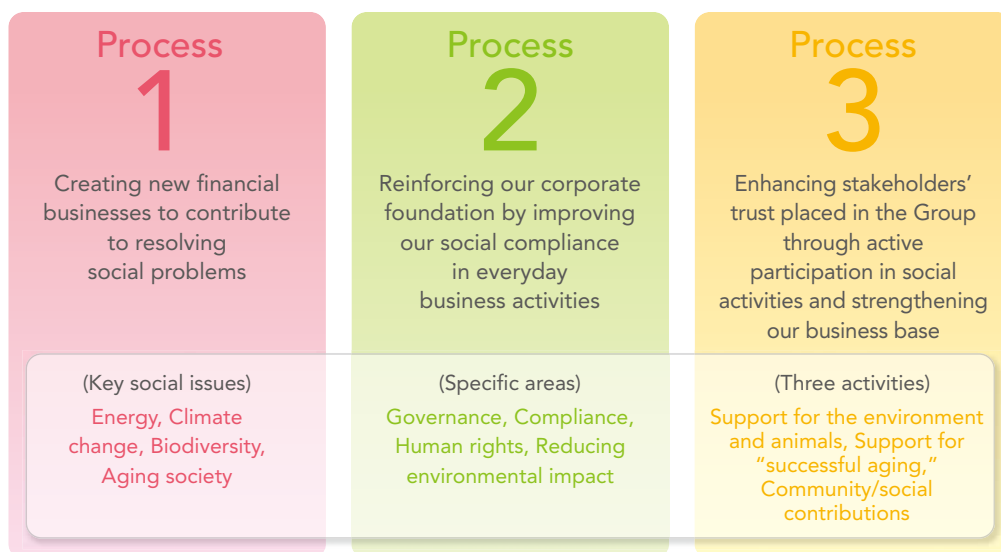
Furthermore, the Group is a signatory to the United Nations Global Compact, a global policy framework for corporate sustainability, and the “Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century),” a set of voluntary guidelines established by Japan’s major financial institutions. The Group aims to create shared value while respecting these principles and guidelines, including the above two, related to social responsibility.

Process of Creating Shared Value







Creating Shared Value through Three Kinds of Process

We classify processes for realizing CSV into three categories. These are: (1) creating new financial businesses to contribute to resolving social problems; (2) reinforcing our corporate foundation by improving our social compliance in everyday business activities; and (3) enhancing stakeholders’ trust placed in the Group through active participation in social activities and strengthening our business base. The Group is working to promote strategic initiatives in these areas.



Related Pages on United Nations Global Compact, Sustainability Policy, and ISO 26000





The UN Global Compact's Ten Principles

	Principles	Relevant pages
 Human rights	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and	87-89
	Principle 2 Make sure that they are not complicit in human rights abuses.	
 Labor	Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	90-96
	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;	14-31, 97-102
	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.	78, 79

Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy)

Policy	Relevant pages
1. Contribute to Solving Social and Environmental Problems through Business	12-65
2. Serve Clients with Sincerity	103-109
3. Earn the Trust of Society	68-80
4. Address Environmental Issues	14-31, 97-102
5. Respect the Individual	90-96
6. Participate in and Contribute to the Community	110-122

Seven Core Subjects addressed in ISO 26000

Core subjects	Issues	Relevant pages
 Organizational governance	Organizational governance	68-77, 81-86
 Human rights	Due diligence/Human rights risk situations/Avoidance of complicity/Resolving grievances/Discrimination and vulnerable groups/Civil and political rights/Economic, social and cultural rights/Fundamental principles and rights at work	87-89
 Labor practices	Employment and employment relationships/Conditions of work and social protection/Social dialogue/Health and safety at work/Human development and training in the workplace	90-96
 The environment	Prevention of pollution/Sustainable resource use/Climate change mitigation and adaptation/Protection of the environment, biodiversity and restoration of natural habitats	14-31, 97-102
 Fair operating practices	Anti-corruption/Responsible political involvement/Fair competition/Promoting social responsibility in the value chain/Respect for property rights	78, 79
 Consumer issues	Fair marketing, factual and unbiased information and fair contractual practices/Protecting consumers' health and safety/Sustainable consumption/Consumer service, support, and complaint and dispute resolution/Consumer data protection and privacy/Access to essential services/Education and awareness	103-109
 Community involvement and development	Community involvement/Education and culture/Employment creation and skills development/Technology development and access/Wealth and income creation/Health/Social investment	110-122

See pages 8-9 on the materiality based on fourth-generation Global Reporting Initiative (GRI G4) guidelines; see pages 124-130 for the GRI guidelines Reference Table.

Materiality in Sumitomo Mitsui Trust Group CSR Management

Sumitomo Mitsui Trust Group (the "Group") implements CSR activity initiatives from the perspective of "Creating Shared Value," by identifying priority issues (Materiality) linked to the achievement of increased corporate value for the Group and increased value for stakeholders.

Identifying Priority Issues (Materiality)

In order to raise the level of its CSV initiatives, that is, CSR activities that create shared value in the form of corporate value and social value, the Group identified priority issues

(Materiality) for the pursuit of CSR management by plotting individual business activities on the two axes of "importance to stakeholders" and "importance to the Group."



Three Areas of Materiality

Themes in which the Group's business activities have a broad impact on stakeholders in addition to our own corporate value

Includes themes related to soundness of financial systems and customer satisfaction

Themes in which the Group's business activities have an impact primarily on our own corporate value

Includes corporate governance and compliance, and consideration of employees

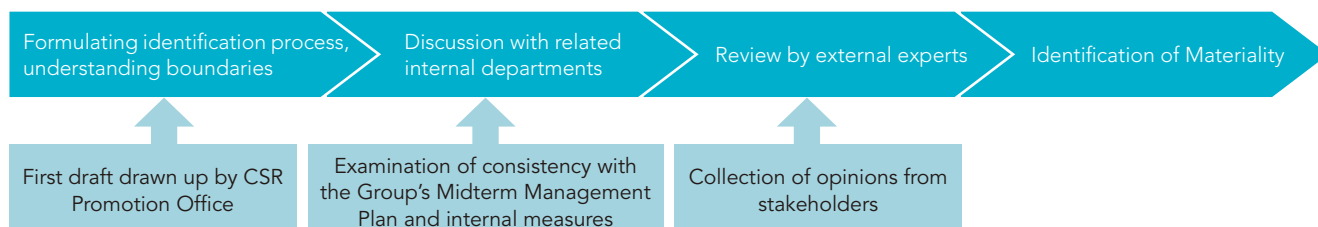
Themes that threaten the sustainability of society but do not directly impact the Group

Examples of themes include environmental issues such as climate change and biodiversity, human rights issues, and the problems of a declining population and super-aging society.

Process of Identifying Materiality

The Group identifies Materiality by having the CSR Promotion Office select issues that should be addressed by the Group; these issues are then examined for consistency with

the Midterm Management Plan and internal measures, and scrutinized through hearings with stakeholders.



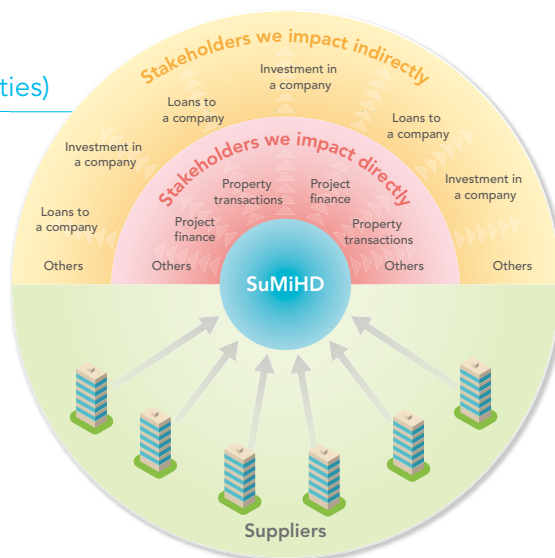
Defining the Boundaries

(the scope of subjects that are affected by the Group's activities)

The Group identifies "boundaries" as below:

- (1) Companies belonging to the Group;
- (2) Suppliers providing services, equipment, or office supplies to the Group; and
- (3) Stakeholders we impact through our Group businesses:
 - (a) Direct-impact businesses (e.g. project finance, property transactions)
 - (b) Indirect-impact business (e.g. loans to and investments in companies)

The SuMiHD Group's Boundaries



Dialogue with stakeholders

Direct dialogue with stakeholders is indispensable to the process of identifying Materiality. In 2013, we held a dialogue with stakeholders on the theme of issues related to climate change and the aging society, and exchanged opinions.

Climate change issues

In October 2013, we invited guests from the World Wide Fund for Nature Japan (WWF Japan) to hear their opinions. They gave high marks to the initiatives of Sumitomo Mitsui Trust Bank (SuMiTB) in terms of financial products and services, while also expressing views related to promoting the spread of climate change countermeasures, including that it is vital for SuMiTB to exert a positive influence on Japanese companies overall.



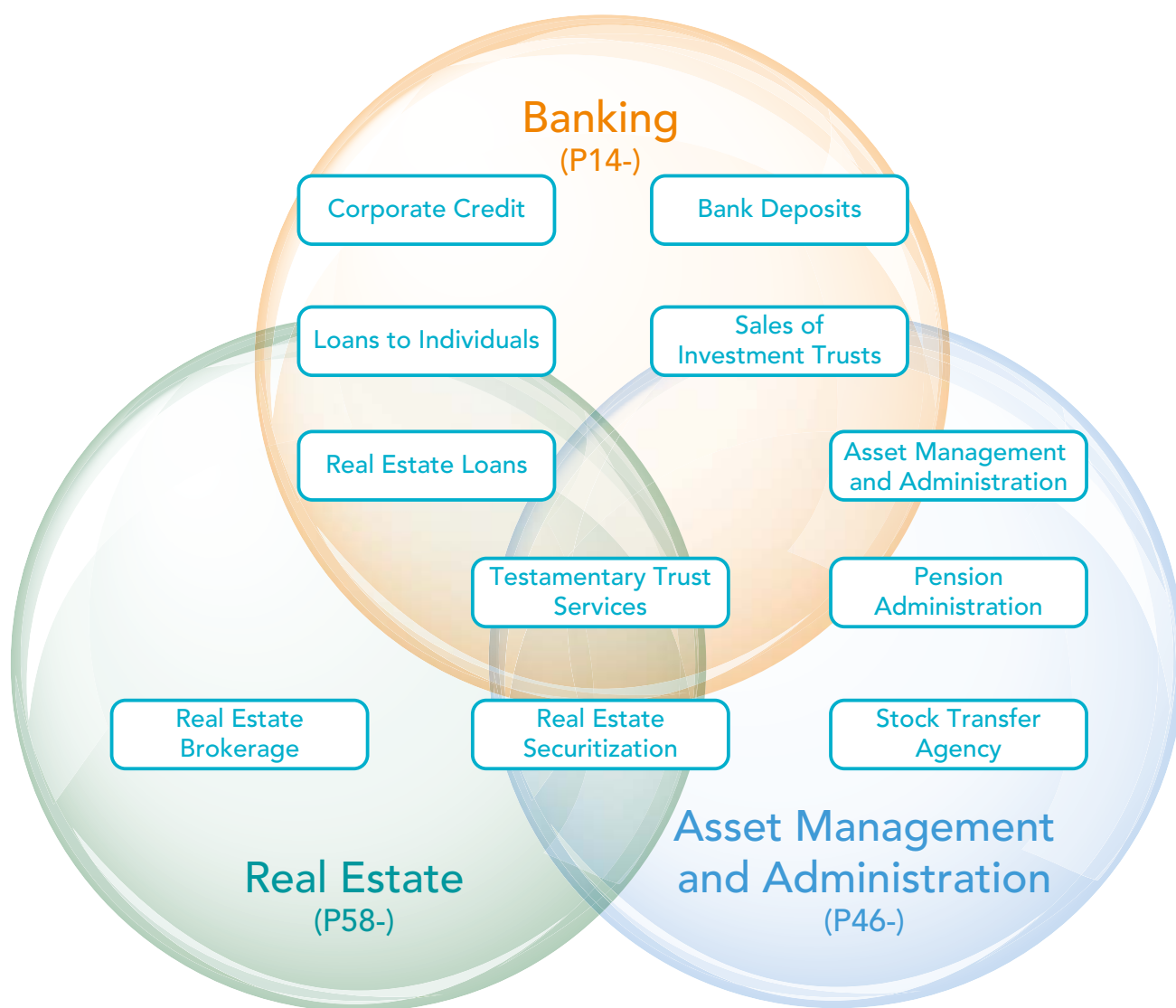
Issues of an aging society

We invited the financial satellite members of a trial project for a collaboration center under the "Center of Innovation Science and Technology based Radical Innovation and Entrepreneurship Program (COI STREAM)" led by Kyoto Prefectural University of Medicine (see page 37), to hear their views on future efforts related to the issues of an aging society. It was brought up that in order to protect seniors who suffer from dementia from problems when signing contracts for financial products or withdrawing deposits, it is not only welfare facilities and the police that need to watch over them, but also cooperation with the tellers at the bank regularly used by the seniors is necessary. SuMiTB was also requested to show some examples of successful initiatives that could serve as a model for other banks.



Our Business Model

Based on the “Trustee Spirit” and with significant expertise and comprehensive capabilities, Sumitomo Mitsui Trust Group creates distinct values by leveraging a business model that combines its banking, asset management and administration, and real estate businesses.



Status of Group Businesses

As the largest, most prestigious trust bank group in Japan, the SuMiHD Group is Japan's largest asset manager and administrator, a top asset management consultant, and an industry leader in trust-bank-related businesses.

(As of the end of March 2014)

Sales Volume of Investment Trust/ Discretionary Investment	Approx. ¥1.5 trillion	among Japanese Bank Groups	No. 1
Number of Will Trusts	23,459 cases	among Japanese Trust Banks	No. 2
Balance of Loans to Individuals	Approx. ¥7 trillion	among Japanese Bank Groups	No. 5
Entrusted Balance of Monetary Claim-backed Securities	Approx. ¥12 trillion	among Japanese Trust Banks	No. 1
Balance of Loans to Corporates	Approx. ¥16 trillion	among Japanese Bank Groups	No. 4
Lending business/Total loan balance	Approx. ¥24 trillion	among Japanese Bank Groups	No. 5
Number of Shareholders under Administration (Total of the whole group)	22,849 thousand shareholders	among Japanese Trust Banks	No. 1
Real Estate Business-related Revenue (Total of the whole group)	Approx. ¥46.9 billion	among Japanese Trust Banks	No. 1
Entrusted Balance of Securitized Real Estate	Approx. ¥10 trillion	among Japanese Trust Banks	No. 1
Assets under Management	Approx. ¥70 trillion	among Japanese Bank and Securities Company Groups	No. 1
Assets under Custody*	Approx. ¥197 trillion	among Japanese Bank Groups	No. 1
Balance of Corporate Pension Funds	Approx. ¥15 trillion	among Japanese Trust Banks	No. 1
Lead Manager for Corporate Pension Funds	1,468 funds	among Japanese Trust Banks	No. 1
Entrusted Balance of Investment Trusts	Approx. ¥40 trillion	among Japanese Trust Banks	No. 1

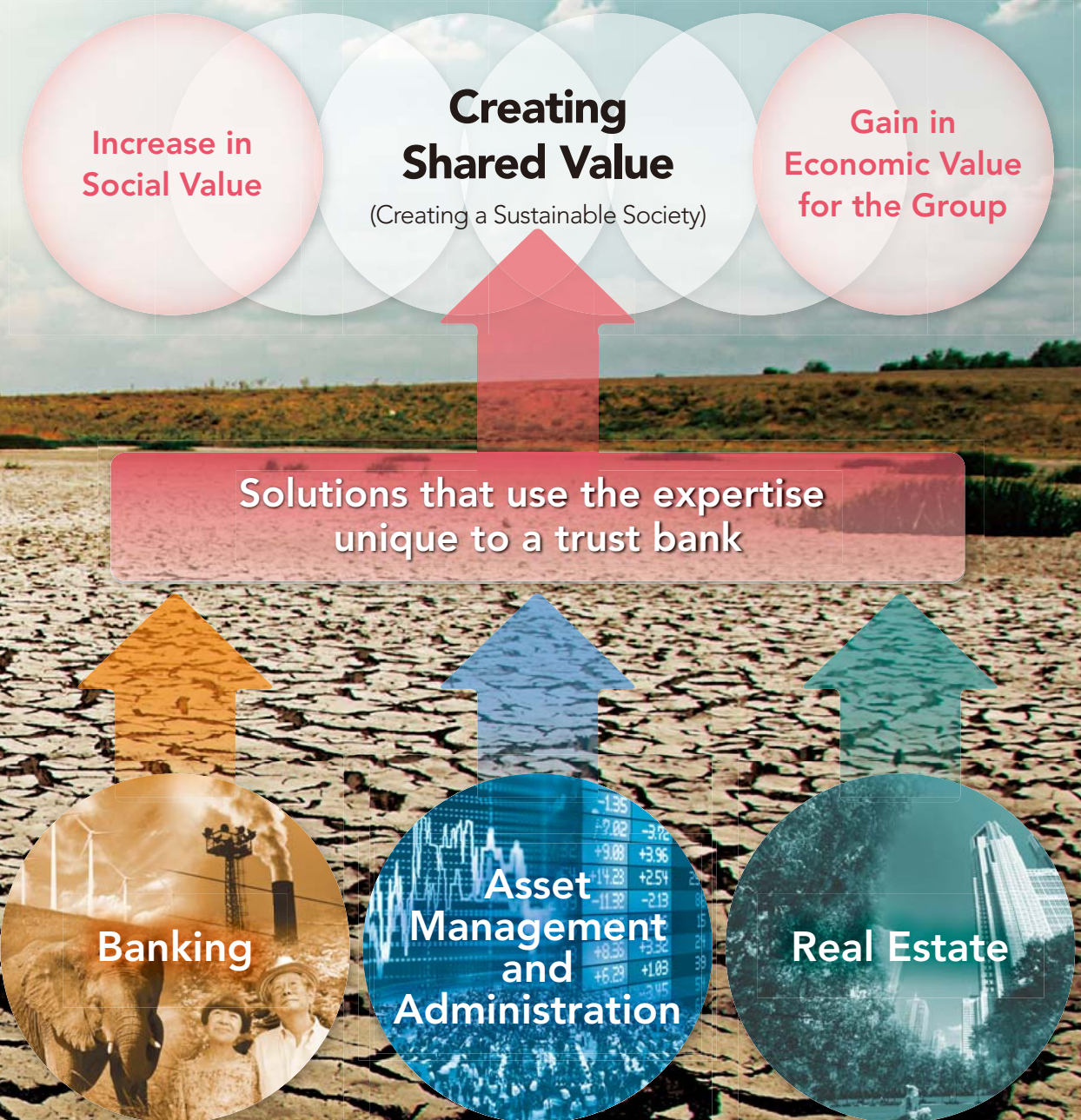
* This refers to the aggregate balance of trust assets at Sumitomo Mitsui Trust Group.

Process 1

CSR Activities that Create New Financial Businesses

Creating Shared Value

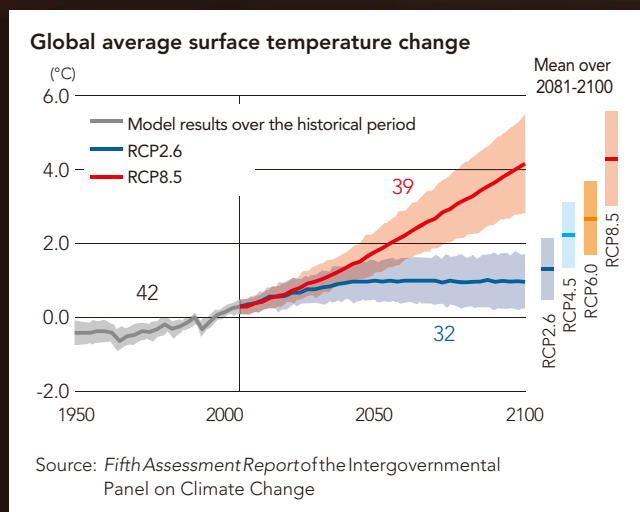
Companies are obviously expected to meet their clients' needs. However, they have to do more than responding to the apparent needs from clients to innovate business. They should recognize that solving various social problems is the needs of the society and work towards solution. This approach leads to innovation which identifies potential needs of clients before they are exposed.



Addressing Climate Change Using Financial Capabilities

According to the United Nations Intergovernmental Panel on Climate Change (IPCC) report, released in September 2013, global average temperature has posted successive record highs in these several years, and the global warming is now indubitable. This is most likely caused by greenhouse gas emissions from human activities. Slowing the global warming requires continuously reducing greenhouse gas emissions in significant amounts.

The Group will continue to develop high value-added financial solutions businesses that leverage its capabilities and know-how as a trust bank.



Sumitomo Mitsui Trust Group's Action Guidelines for Mitigating Climate Change

1. Implementation of Measures and Support to Help Mitigate Climate Change

In addition to actively taking measures to reduce greenhouse gas emissions in our own business operations, we are making efforts, as a corporate citizen, to support activities that mitigate and adapt to climate change.

2. Provision of Products and Services

We are working on developing and providing products and services that help mitigate climate change. Our financial functions are being leveraged to promote energy conservation and encourage the use of renewable energy.

3. Collaboration with Stakeholders

We engage in dialogue and cooperation with our stakeholders as we work to mitigate climate change.

4. Education and Training

We will ensure that these guidelines are fully implemented at group companies, and will actively conduct education and training to mitigate climate change.

5. Information Disclosure

We will actively disclose information related to our efforts to mitigate climate change.

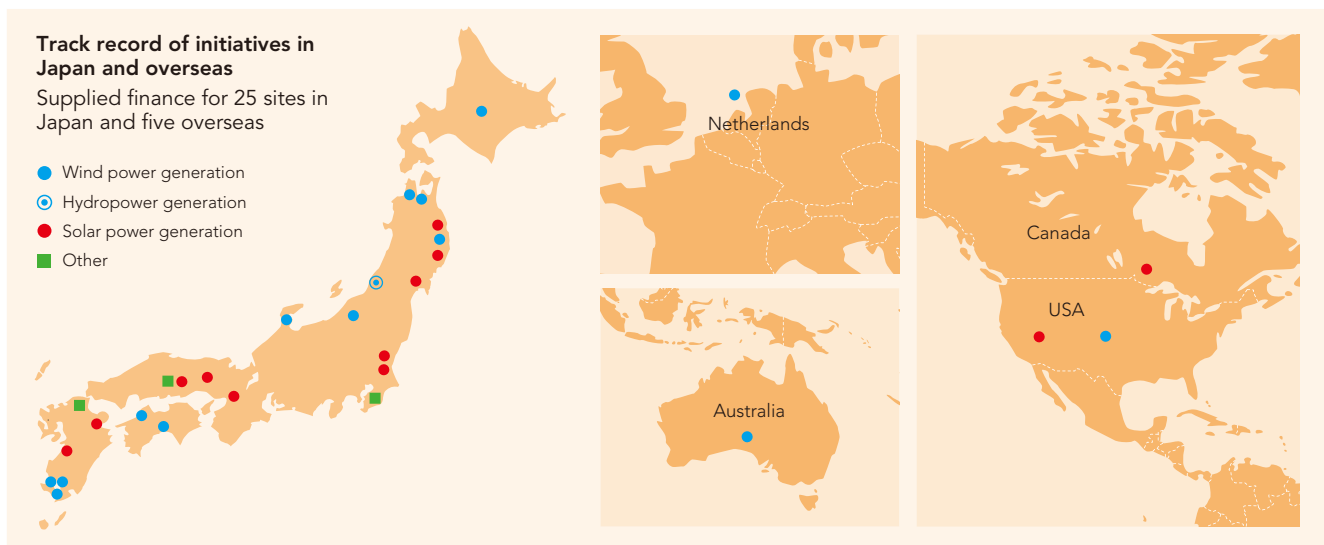
Spread and Growth of Renewable Energy

Renewable Energy Financing

The Group promotes the adoption of renewable energy such as wind and solar power through project finance and other measures.

Since the introduction in July 2012 of a feed-in tariff (FIT) scheme, where electricity companies purchase power generated by renewable sources at a fixed price, there has been a rush to build mega-solar power plants throughout

Japan, and plans for a considerable number of wind power, geothermal power, and small hydropower projects have taken more concrete shape. Efforts are also under way in new fields such as offshore wind power generation and biomass power generation. The Group is carrying out financial support in order to assist various renewable energy projects in Japan and overseas.



Solar Leases

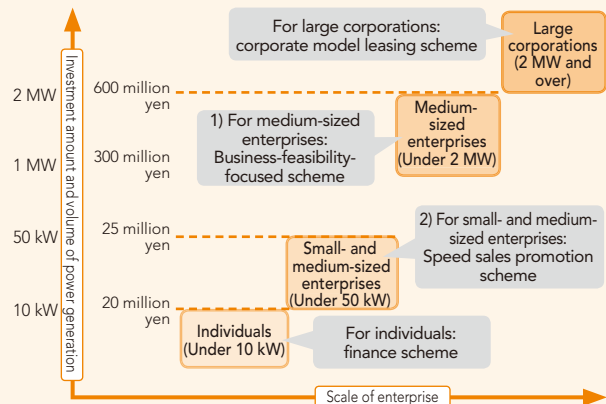
The Group supports the introduction of solar-power generation equipment, both small and large scale, through a leasing model that spans the period from planning and building through to operation.

Sumitomo Mitsui Trust Panasonic Finance Co., Ltd., together with selected expert partners, has put in place a one-stop service structure to provide comprehensive support for the series of processes related to the introduction of solar power generation systems. This structure encompasses estimating the volume of power generated, design, funding plans, consulting on system interconnections, construction, operation, and maintenance and management.

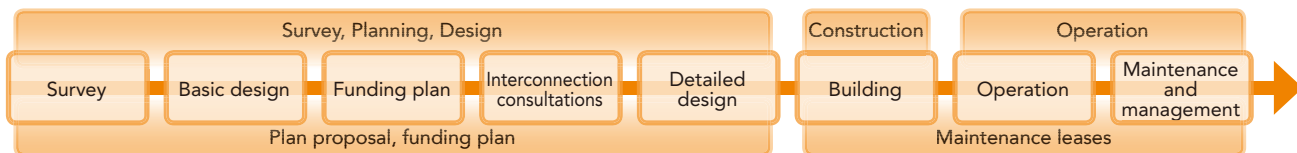
In particular, for small- and medium-sized enterprises, we respond to diverse funding needs depending on the site where the equipment will be installed, scale, and so on. Available products include 1) Business-feasibility-focused scheme, focusing on the cash flow of the solar power generation project, and 2) Speed sales promotion scheme, in which screening is carried out quickly when certain conditions are met.

As of September 2014, we have provided support through a leasing model for 41 large-scale solar power generating plants (high voltage), with a total power generation capacity of 48,300 kW (including those in the planning stage.)

Solar market and schemes



Flow of one-stop services

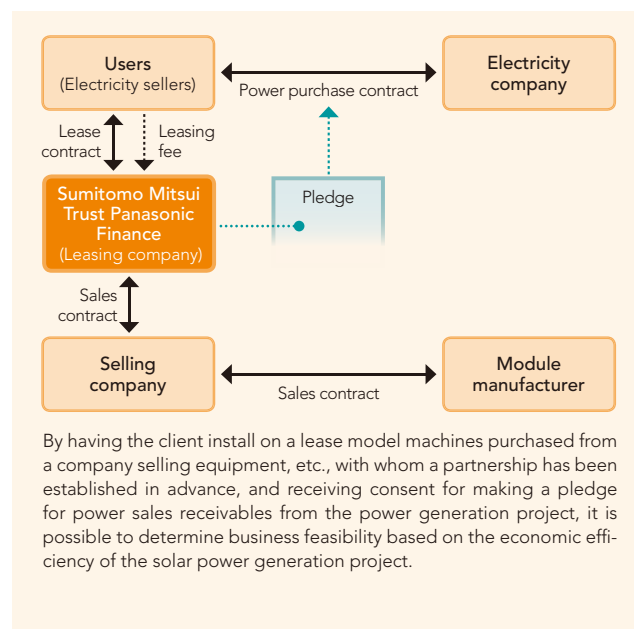
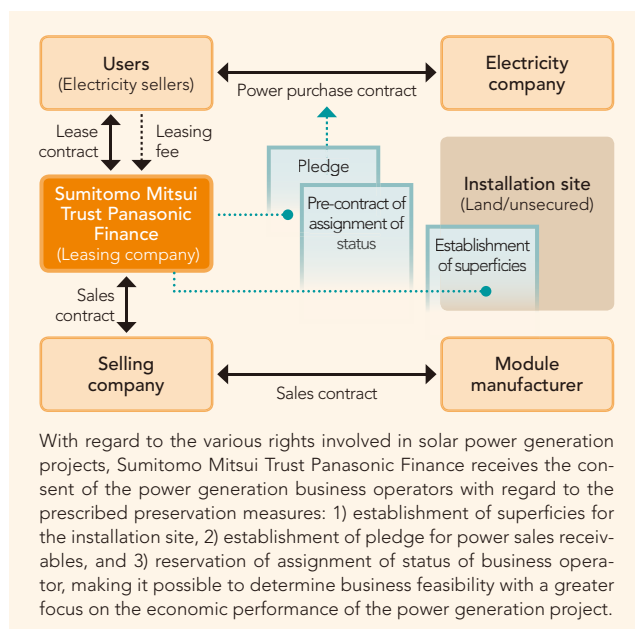


1) Business-feasibility-focused Scheme (for mega-solar)

This is a financing scheme that focuses on business feasibility including cash flow of solar power generation. The goal is to provide swifter response to clients who would previously have had difficulty with long-term high-amount financing.

2) Speed Sales Promotion Scheme (for low voltage range)

This is a scheme exclusive for solar projects in the low voltage range below 50kW. By establishing the right of pledge for power sales receivables, the credit screenings are quickly carried out.



Initiatives for the Use of Diverse Renewable Energy

In light of issues such as system interconnection, we are promoting the spread and expansion of renewable energies such as geothermal, biomass, and small to medium hydropower, which generate stable power, as well as use of storage batteries for system stability.

Hydropower Generation



With a vast amount of water flowing through its rivers, hydropower is a promising natural resource for Japan, and its development potential is anticipated. Before the establishment of the feed-in tariff (FIT) scheme, hydropower accounted for the largest volume among all forms of renewable energy.

For equipment, a significant share is said to be made-in-Japan, and hydropower contributes to local economies by promoting employment through construction work as well as maintenance and management. The procedures concerning water rights have been simplified under the revisions to the River Act, and implementation is expected to pick up.

Biomass Power Generation



Biomass power generation includes methods such as woody biomass power generation using wood chips as fuel; waste power generation using general waste material as fuel; and biogas power generation using methane fermentation gas. Because it uses local resources, synergy effects are

expected with the development of local industries that supply the raw materials. Biomass energy is characterized by its overall high efficiency, with the potential for heat utilization as well as power generation. Apart from solar and wind power, biomass is the renewable energy with the fastest-growing number of approved facilities.

Geothermal Power Generation, Hot Spring Binary Power Generation



Although implementation of large-scale geothermal power generation has been slow because development risks are substantial and environmental impact assessments take many years, implementation is expected to progress rapidly in the future with the introduction of the development subsidy system and FIT scheme by the government. Furthermore, as a country with numerous volcanoes, Japan has abundant hot spring resources; however, the energy from high-temperature hot spring water has not traditionally been used, being either dissipated or diluted. Hot spring binary power generation, which generates power by recovering this unused hot spring heat, holds promise in the future.

Industrial-use Storage Batteries



The amount of power generated by solar and wind power generation fluctuates over short time spans depending on sunlight and wind conditions, which can cause connection problems leading to irregular system frequency and supply balance. One way of solving this is through the use of large storage batteries. In addition, although in-house consumption of generated power is expected to increase, demand for storage batteries is also expected in this case, to store electricity including surplus electricity and electricity purchased during low-price time periods. Storage batteries are an industrial field in which Japanese companies excel technically.

Renovation and Solar Loans for Smart Houses (Sales finance)

The Group supports the introduction of solar power generation, Home Energy Management Systems (HEMS), household fuel cells, and storage batteries with a view to upgrading to smart houses during home renovations.

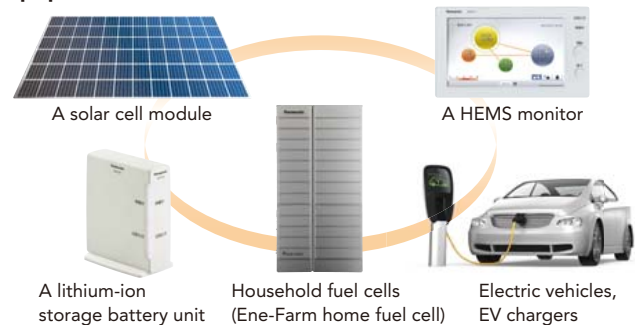
Solar-power generation equipment has been installed in over 1.2 million new and existing homes nationwide.* With full liberalization of retail electricity sales coming up in 2016, upgrades of ordinary homes to smart houses will progress rapidly in the future.

Sumitomo Mitsui Trust Panasonic Finance has been offering solar loans exclusively for solar power generation in collaboration with sales agents, construction contractors, and others. We will continue to provide not only financing for solar power generation, but also "Renovation Solar Loans" to support the introduction and spread of smart-house-related equipment. In this way, we contribute financially to the creation of better homes and cities. Our contributions include creating living environments that offer energy savings as well as comfort, and safe and secure disaster prevention measures.

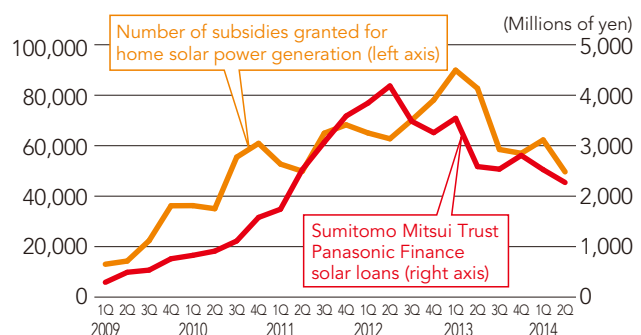
* According to materials published by the Japan Photovoltaic Energy Association



Equipment to realize smart houses



Spread and expansion of household solar power generation and Sumitomo Mitsui Trust Panasonic Finance solar loans



Initiatives Linked to “Leading Projects for Promoting CO₂ Reduction” Program for Housing and Buildings

The Group promotes the spread of buildings with outstanding CO₂ reduction measures from the perspective of building evaluation.

What Is the “Leading Projects for Promoting CO₂ Reduction” Program for Housing and Buildings?

- Leading projects (construction and renovation projects) that show outstanding initiative in CO₂ reduction can apply to a public subsidy program led by the Ministry of Land, Infrastructure, Transport, and Tourism (MLIT).
- The program grants subsidies up to one half of the budget for construction and other costs of pioneering initiatives. The average per-project subsidy (budget) has trended for a while in the range of 200 million yen.
- Recipient projects are announced by MLIT and published on the Building Research Institute website. Recipients can present their projects at the time of selection and completion.



SuMiTB's Initiatives Involving the “Leading Projects for Promoting CO₂ Reduction” Program for Housing and Buildings

- As part of our environmentally friendly construction consulting, we offer support for projects that look to qualify for subsidies.
- We also provide specialized consulting services to assist in applying for subsidies under the “leading projects for promoting CO₂ reduction” program for housing and buildings, offering assistance not only in materials-related matters, but also in consulting based on our extensive experience and expertise in building management and the like.

* Our consulting service does not guarantee a project will be awarded a grant under the “leading projects for promoting CO₂ reduction” program for housing and buildings.



Daikin Industries Technology and Innovation Center

Loans for Environmentally Friendly Housing

The Group provides housing loans to support the spread and promotion of environmentally friendly housing with features relating to energy saving, energy generation, and the like.

When purchasing a home or condominium, a growing number of people prefer housing with features like high energy-saving performance and abundant greenery that takes the environment into account.

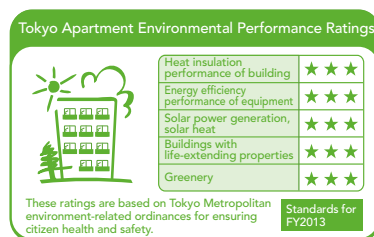
In light of such needs, Sumitomo Mitsui Trust Bank (SuMiTB) has introduced CSR standards into the housing loan interest structure to provide environmentally friendly housing loans at preferential interest rates for houses like condominiums that employ local government environmental performance rating systems.

Specifically, we provide environmentally friendly housing loans in collaboration with five municipalities: Tokyo, Kawasaki City, Osaka Prefecture, Kobe City, and Hiroshima City. The housing evaluation systems of these governments reflect diverse

environment considerations such as improving insulation performance, introducing solar panels, gas heat pumps, and other gear, and greening the site.

In addition, SuMiTB provides loan products to support the spread and growth of renewable energy use, amid growing public awareness of the need for saving energy and conserving electricity in daily life.

In December 2012, we began offering collaborative loans for new detached houses sold by PanaHome Corporation that come with solar power generation systems.



Example: Tokyo apartment environmental performance rating standards for fiscal year 2013



Photograph courtesy of PanaHome Corporation

Finance Supporting Total Management of Smart City Energy

The Group helps implement measures by energy suppliers such as diversification of energy supplies led by electricity, gas and heat system reforms and promotion of greater renewable energy adoption including solar power. At the same time, we support measures by energy consumers such as energy management at individual buildings and in whole cities and regions to save energy, costs and CO₂ emission. We use financial functions including financing and leases and the environment performance rating system for promoting these climate change prevention activities to make the whole community realize a low-carbon society.

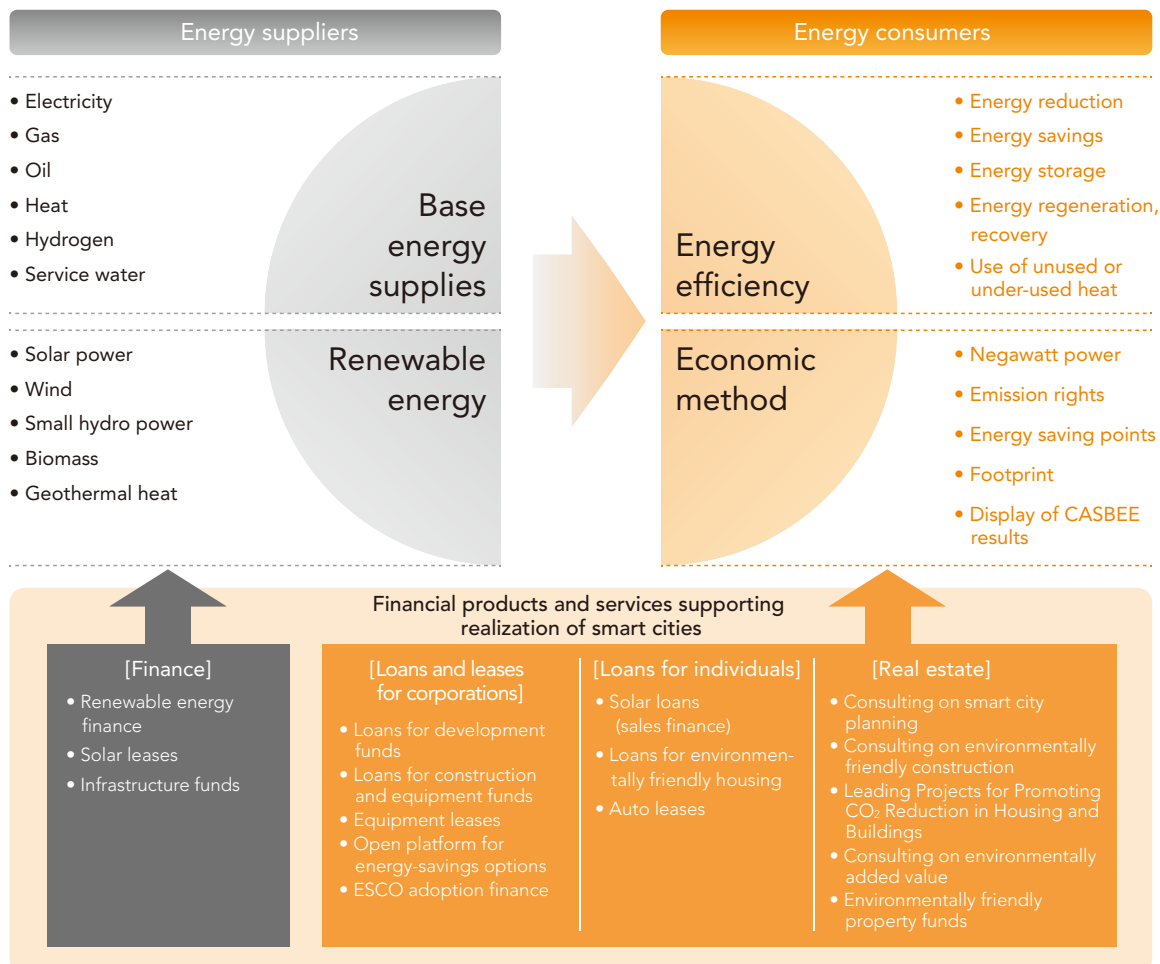
Smart cities are to mitigate the impact of the climate change through initiatives to promote efficient use of energy in various human activities including business and private living. Moreover, advanced information and communication technology helps deal with the aging society and build safe communities so that smart cities can contribute to realizing a sustainable society not only in environmental aspects but social matters.

Cooperative Initiative among Energy Suppliers/Consumers and Financial Institutions

Energy Suppliers	Deregulating electricity/gas/heat systems Responding to diversified energy supply
	Promoting adoption of renewable energy sources
Energy Users	Total management to reduce energy use, CO ₂ emissions, and costs
	Energy town management
Financial Initiatives	Financial support with various fundings
	Use of the CASBEE* system

* The comprehensive assessment system for built environment efficiency

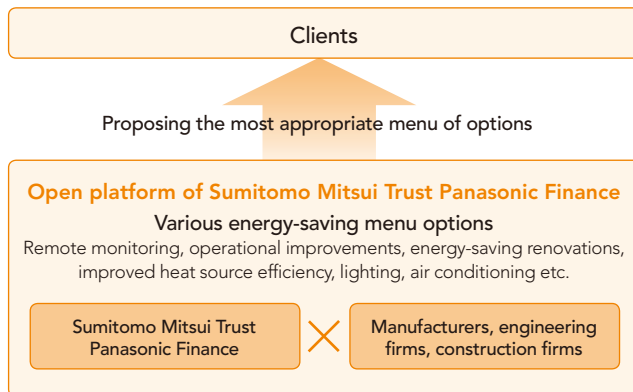
Smart City Energy Structure



Open Platform Model for Energy-Saving Options

Sumitomo Mitsui Trust Panasonic Finance uses an open platform model that proposes the best combination of measures to accommodate diverse requests from clients.

- We propose combinations of three measures: 1) upgrading or making equipment more efficient, 2) improving demand-side efficiencies, and 3) using untapped or under-used energy.
- We provide services that combine energy-saving consulting, energy management, and financing.



- We provide one-stop services covering the entire process from review of energy-saving measures to equipment selection, subsidy applications, financing, and operation. Leases with upkeep agreements are also available as a package that includes equipment maintenance services.

Energy-Saving Service No. 1: Upgrading or Making Equipment More Efficient

Energy consumption is reduced by upgrading and improving old equipment such as air conditioners and heat sources.

Air conditioning and lighting

- More efficient air conditioning
- Switching to LED lighting



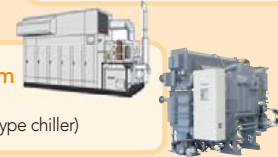
Boilers

- Highly efficient hot water boilers



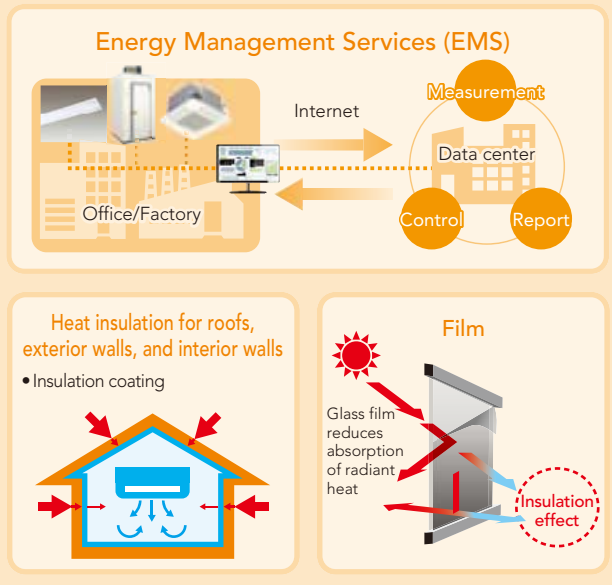
Cogeneration system

- Gas turbine engine
- Gene Link (Exhaust heat injection-type chiller)



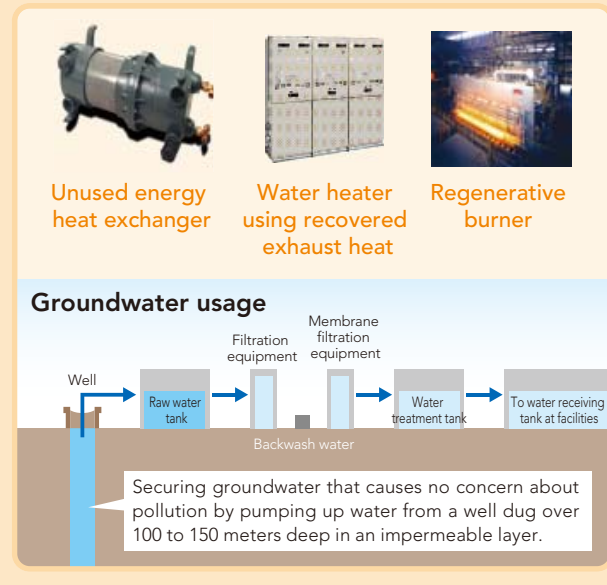
Energy-Saving Service No. 2: Improving Demand-side Efficiencies

Enhancing insulation performance and reducing peak demand improves demand-side energy consumption efficiency.



Energy-Saving Service No. 3: Using Untapped Energy

Recovering unused energy such as exhaust heat and groundwater can improve energy efficiency.

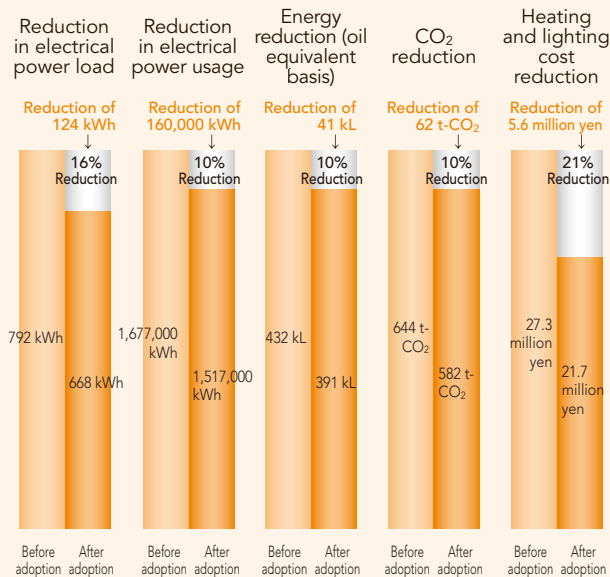


Energy Cost Reduction at a Factory: a Model Proposal

Adoption Effects

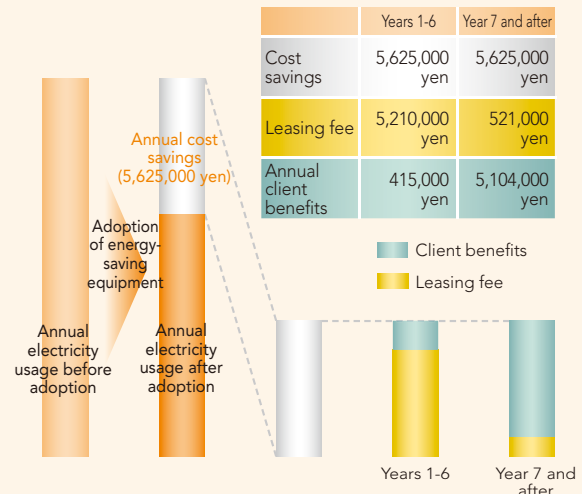
1. Potential reduction of about 16% of the total electrical power load (peak load)
2. Potential reduction of about 10% of the total volume of electrical power use
3. Reduction of about 21% of total heating and lighting costs (running costs)

Reduction effects in heating and lighting costs, volume of energy use, and environmental impact



Benefits of using a lease

Using a lease can level out the funding burden with no initial investment.



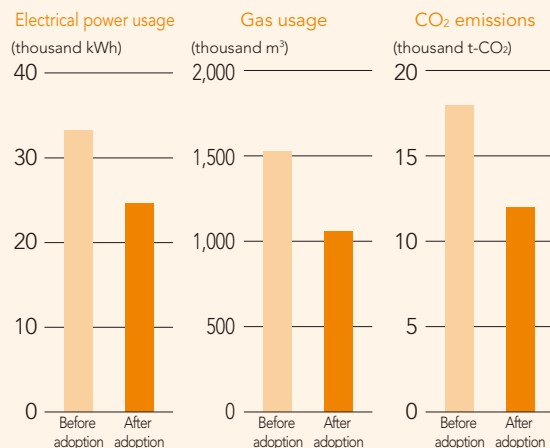
Energy Cost Reduction at an Amusement Facility

Adoption Effects

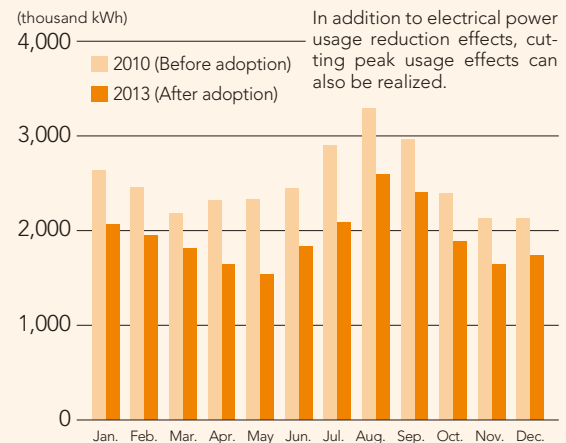
With the adoption of cloud-based EMS, energy usage can be reduced through optimal control of air conditioning, lighting, etc. Making energy data visible makes it possible to curb demand, and is effective for peak measures under the revised Act on the Rational Use of Energy.

- 26% reduction in electrical power usage: By curbing demand, electricity costs are substantially lightened.
- 30% reduction in gas usage: It is possible to make reductions not only in electricity, but also by controlling volume of gas usage.
- 34% reduction in CO₂ emissions volume: Contributing to global warming countermeasures and leading to demonstration of CSR.

Reduction effects in volume of energy use and CO₂ emissions



Reduction effect in electrical power usage through introduction of BEMS*



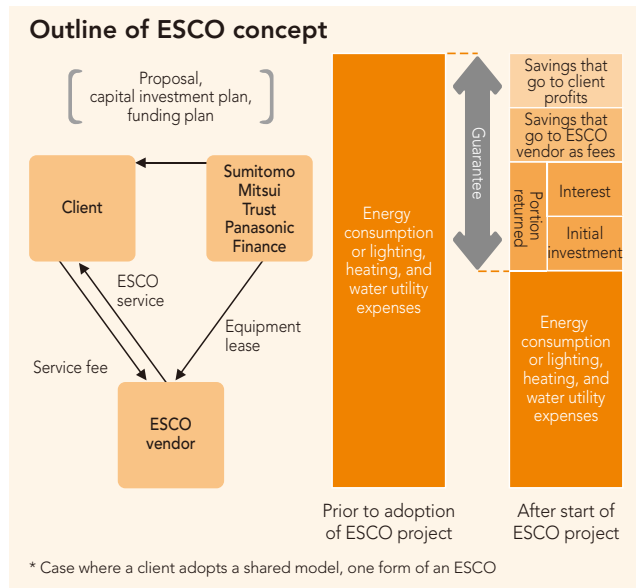
* Building and Energy Management System

Financing for ESCO* Service Adoption

The Group collaborates with energy service companies (ESCOs) to provide comprehensive energy conservation services from installation of energy-saving equipment to maintenance and management.

* ESCOs provide comprehensive services for energy saving; their compensation comes from a portion of the guaranteed amount of savings on energy costs.

The Group offers comprehensive proposals for the adoption of ESCO services for office buildings, commercial facilities, factories, and other sites, combined with the use of subsidies.



Case of ESCO proposal for public facilities (music halls, sports facilities)

Case of proposal to reduce energy by 29%, CO₂ by 42%, and achieve annual energy savings of approximately ¥25 million, through ESCO centered on BEMS and introduction of high-efficiency heat source system and high-efficiency lighting.

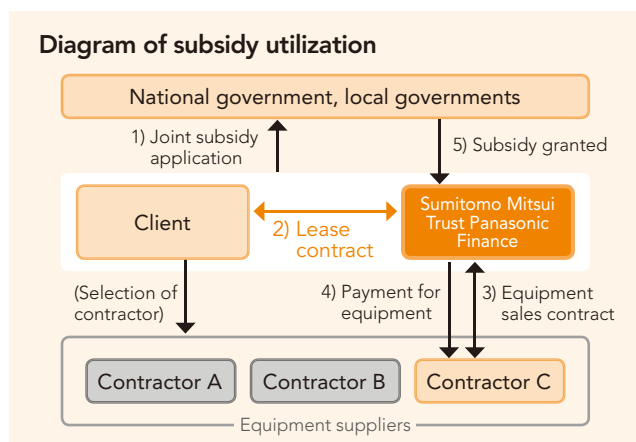
- Contract form: Shared model ESCO project
- ESCO period: 9 years
- Guaranteed reduction amount: 22,000,000 yen
- Utilization of subsidies (Subsidy ratio 1/3)

Content of plan

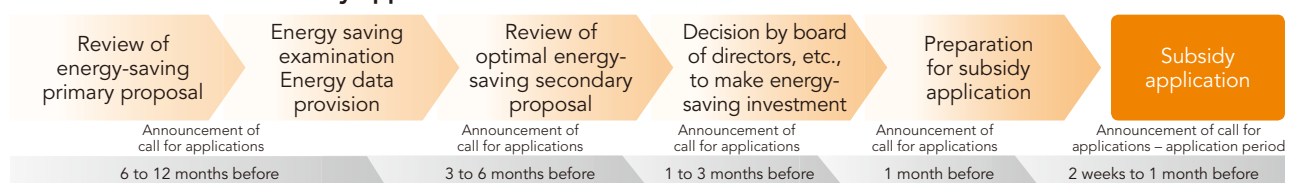
Measure items	Energy items	Energy reduction	Energy reduction ratio	CO ₂ reduction	CO ₂ reduction ratio	Heating and lighting cost reduction
		(GJ/year)	(%)	(t-CO ₂ /year)	(%)	(thousand yen/year)
High-efficiency heat source system	Electricity/Kerosene	5,750	20	522	35	19,980
Secondary pump estimated terminal pressure control	Electricity	920	3	38	3	1,390
Filtrated circulating water amount reduction control	Electricity	410	1	17	1	620
Emergency power generator	Diesel fuel	-16	-1	-1	-1	-60
High-efficiency lighting	Electricity	933	3	39	3	1,960
BEMS	—	280	1	10	1	610
Total	—	8,277	27	625	42	24,500

Subsidy Utilization Model Lease

- Can lighten the economic burden of capital investment costs and makes it possible to obtain further energy-saving benefits.
- By using a lease, energy-saving equipment can be introduced with no initial investment.
- Lightening the financial burden makes it possible to introduce cutting-edge energy-saving equipment, and enhances the corporate image in terms of CSR and the environment.
- By providing support for subsidy applications, we can make the subsidy application procedure go smoothly.



Standard schedule for subsidy application



Main subsidy systems

- Subsidy to support business operators promoting rational use of energy
- Scheme to promote management enhancement at small- and medium-sized business operators through reduction of greenhouse gas emissions
- Subsidy for project costs to promote introduction of innovative energy-saving technology in housing and buildings (ZEB program)
- Advanced technologies promotion Subsidy Scheme with Emission reduction Targets (ASSET scheme)
- Subsidies for project costs to support introduction of stationary lithium-ion storage batteries

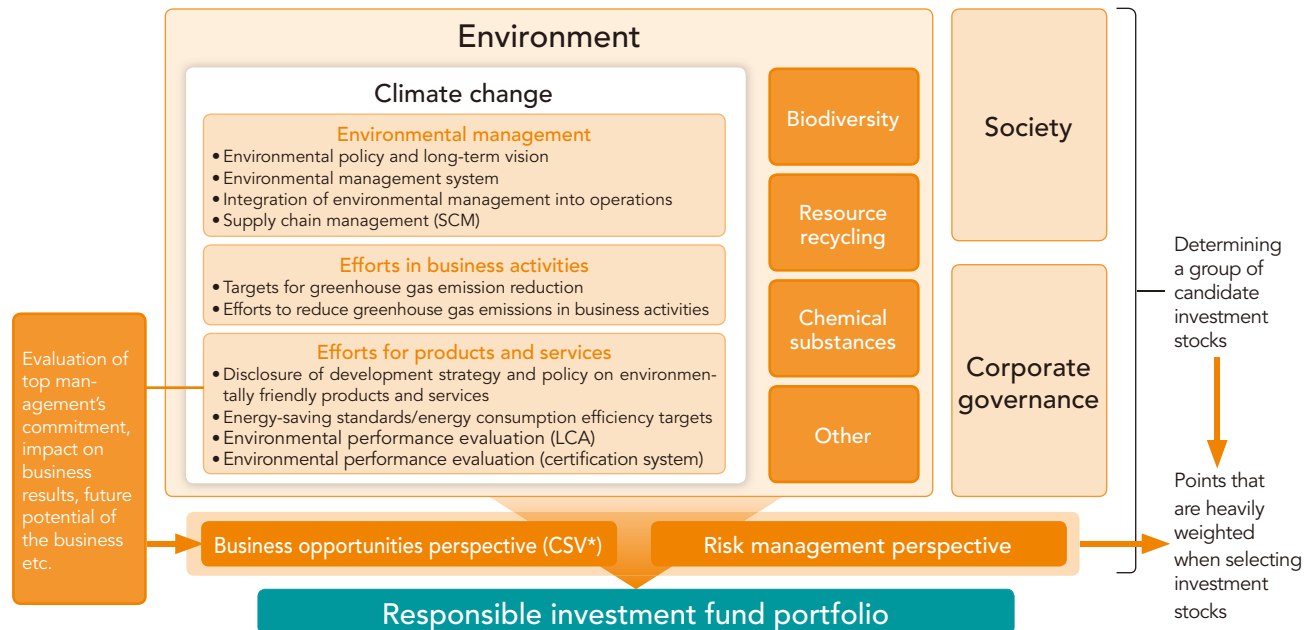
* Certain conditions must be met in order to apply for a subsidy.

Evaluation of Corporate Climate Change Mitigation Efforts in Responsible Investment (RI)

Climate change mitigation efforts are an important evaluation item for the various responsible investment funds offered by SuMiTB. When selecting stocks for investment,

we emphasize the dual perspectives of pursuing business opportunities and risk management based on the comprehensiveness of a company's measures.

Our View on Corporate Evaluation in a Responsible Investment Context



*CSV stands for "creating shared value." CSV is the philosophy of pursuing social value and corporate value together (see page 6 for specifics).

Evaluation of Corporate Climate Change Mitigation Efforts in Financing

The Group evaluates climate change mitigation efforts through an environmental rating system and measurement of CO₂ emissions volume in a potential borrower's supply chain.

Environmental Rating Loans

SuMiTB incorporates items on climate change and global warming mitigation efforts into the rating criteria for environmental rating loans. These loans incorporate an evaluation system not only of emission volume and measures to reduce greenhouse gases produced by business activities at the client company, but also of the climate impacts

of their supply chain management. The evaluation includes whether the company has a grasp of the volume of emissions in its supply chain, and whether it promotes initiatives through the supply chain.

Clients of SuMiTB's environmental rating loans can use an optional paid service for calculating the scope 3 greenhouse gas emissions upstream in their supply chain. They can use the results of this calculation for information disclosure in a carbon disclosure project (CDP) and in CSR reports. In addition, the optional service provides calculations of water usage volume and land area used in the upstream supply chain.

Addressing Natural Capital Using Financial Capabilities

The National Biodiversity Strategy of Japan promotes initiatives to visualize economic values of biodiversity and ecosystem services to understand the importance of natural capital and reflect this in autonomous actions. According to the Ministry of the Environment's fiscal 2013 study on the economic value of the ecosystem services supplied by wetlands, the value from marshlands in Japan as a whole was estimated at ¥839.1-¥971.1 billion, and the value from tidal flats at ¥610.3 billion. The estimates reflect only a part of the intrinsic value of wetlands, and they are possibly creating more value.

The Group is working to develop financial products and services with evaluation of the economic value of natural capital.

Estimated economic value of the ecosystem services of Japan's marshlands

Ecosystem services		Economic value (/year)	Unit value (/ha/yr)
Regulating services	Climate regulation (CO ₂ absorption)	Approx. 3.1 billion yen	High moors: Approx. 14,000 yen Intermediate moors: Approx. 22,000 yen Low moors: Approx. 31,000 yen
	Climate regulation (Carbon sequestration)	Approx. 98.6 billion-141.8 billion yen	High moors: Approx. 2.5 million yen Intermediate moors: Approx. 1.54 million -1.77 million yen Low moors: Approx. 0.58 million -1.05 million yen
	Water regulation	Approx. 64.5 billion yen	Approx. 590,000 yen
Habitat services	Water purification (Nitrogen absorption)	Approx. 377.9 billion yen	Approx. 3.43 million yen
	Provision of habitat	Approx. 180 billion yen	Approx. 1.63 million yen
Cultural services	Preservation of natural landscapes	Approx. 104.4 billion yen	Approx. 950,000 yen
	Recreation and environmental education	Approx. 10.6 billion-99.4 billion yen	Approx. 96,000-900,000 yen

Estimated economic value of the ecosystem services of tidal flats

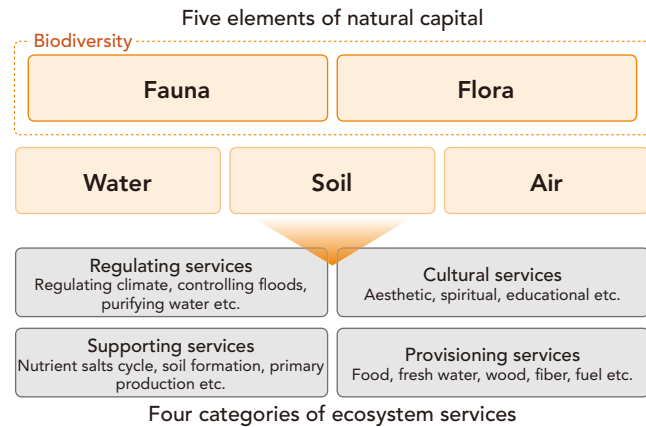
Ecosystem services		Economic value (/year)	Basic unit (/ha/yr)
Provisioning services	Food	Approx. 90.7 billion yen	Approx. 1.85 million yen
Regulating services	Water purification	Approx. 296.3 billion yen	Approx. 6.03 million yen
Habitat services	Provision of habitat	Approx. 218.8 billion yen	Approx. 4.45 million yen
Cultural services	Recreation and environmental education	Approx. 4.5 billion yen	Approx. 91,000 yen

Source: Ministry of the Environment

What is Natural Capital?

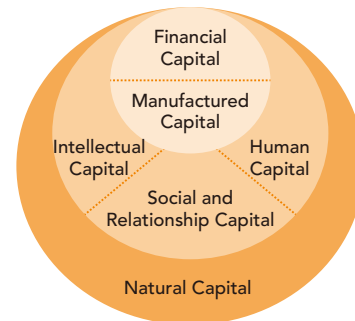
Benefits of Natural Capital

Natural capital is made up of the elements that comprise the Earth's natural assets, including diverse living creatures (flora and fauna), and the water, soil, and air that foster them. Our lifestyle depends on four categories of ecosystem services that are rooted in natural capital (regulating services, cultural services, supporting services, and provisioning services). The range of benefits we receive from it is truly immeasurable.



Positioning of Natural Capital in Integrated Reporting

Natural capital is positioned as one of the six forms of capital that organizations depend on when creating value, according to integrated reporting, which is a new trend in non-financial information disclosure. Natural capital includes air, water, soil, and minerals, as well as the health of forests, biodiversity, and ecosystems. It is defined as "all renewable and non-renewable environmental resources and processes that provide goods and services that are the basis of the past, current or future prosperity of an organization."



Significance of Natural Capital in Japan

The E-RISC (Environmental Risk in Sovereign Credit Analysis) project, which is promoted by the United Nations Environment Programme Finance Initiative (UNEP FI) and others, is a study that seeks to integrate environmental risk and sovereign credit risk (credit ratings) and link these to evaluation of government bonds. To that end, the project has categorized the long-term, medium-term, and short-term effects of environmental risks as follows.

Short-term risk	Medium-term risk	Long-term risk
0 to 5 years	5-10 years	10-25 years
Unexpected changes in international commodity trade markets	Cumulative environmental degradation from overuse of natural resources	Emissions of carbon dioxide (slower and potentially more long-term)
Exposure to price volatility of commodities and supply disruption	Reduced output of products, brought about by reduced productivity of natural resources (soil, grains, fish stocks, etc.)	Exposure to effects of carbon pricing/taxation and climate change

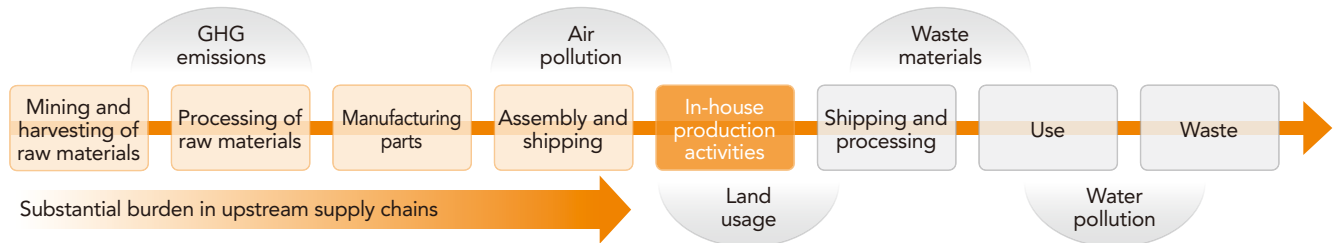
Source: A New Angle on Sovereign Credit Risk

Elongated from north to south and surrounded by the sea, Japan accommodates numerous kinds of creatures. It is needless to say that we have to conserve the precious natural capital. From this chart, we can see that short-term and medium-term risks in particular are related to imports of natural resources and can appreciate them as risks of natural capital.

E-RISC attempts to simply and easily quantify these risks, taking Japan, Brazil, France, and other countries as case studies. Japan has higher short-term and medium-term risks compare to other countries because we rely on resources from overseas and consume far more natural resources than we can produce on our own. The E-RISC study points out that this dependency has a negative impact on Japan's sovereign credit worthiness.

So unless Japan works for the sustainable use of natural capital, including overseas capital, these issues will bounce back as its own national risks.

Natural Capital for Japanese Corporations



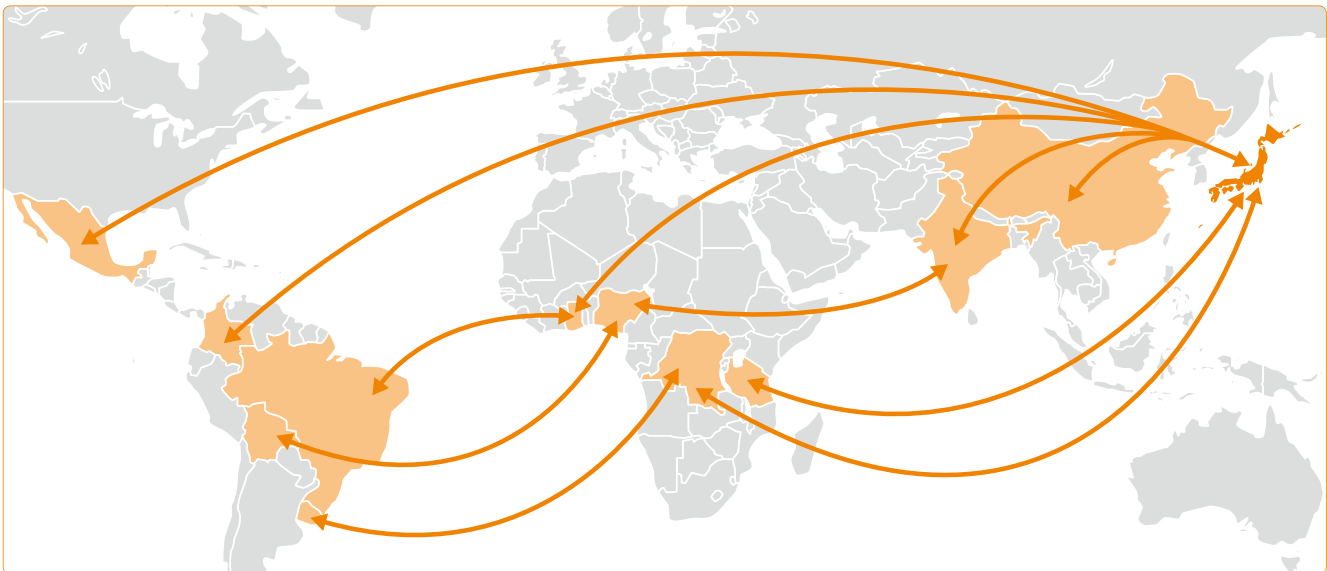
In today's world, supply chains consist of complex channels that are global in scale. The burden on natural capital stemming from a company's business activities is not limited to its production sites and where its products are consumed but extends around the globe through its supply chain.

There are numerous risks related to natural capital. The upstream supply chain from resource mining to procurement has a significant impact on natural capital. In some cases, hidden risks are posed by secondary and tertiary suppliers that a company is unable to manage directly.

Procurement risk is a particularly serious risk factor for Japanese companies that depend on procurement of raw materials from overseas. It affects business models and continuity of everyday operations. Risk management is required throughout the entire supply chain in order to avoid or reduce these natural capital-related risks.

Risk related to natural capital

Procurement risk	Risk of depletion	The risk of not being able to secure necessary raw materials due to depletion of resources or decreased harvests (includes deterioration in quality and cases where substitutes are not available)
	Regulatory risk	Risk of regulations being imposed on materials purchased, obtained, discharged or emitted
	Price risk	Risk of rising costs due to prices put on resources (such as water) that had been obtained inexpensively or at no charge, or on emitted substances (such as CO ₂)
	Pollution risk	Risk of environmental pollution arising from an accident and having to deal with the effects over a wide area, or being asked to pay large sums in compensation
	Risk to reputation	Risk of a decline in corporate reputation due to social problems or human rights issues brought about locally by suppliers beyond the reach of management or monitoring



Natural Capital Policy of Sumitomo Mitsui Trust Group

The Natural Capital Declaration

Sumitomo Mitsui Trust Holdings (SuMiHD) became a signatory to the Natural Capital Declaration advocated by the United Nations Environment Programme Finance Initiative (UNEP FI) at the United Nations Conference on Sustainable Development "Rio+20" held in Rio de Janeiro in June 2012. SuMiHD is the only financial institution in Japan to have signed the declaration.



Commitment of Financial Institutions under the Natural Capital Declaration (Excerpt)

We will support the development of methodologies that can integrate natural capital considerations into the decision-making processes for all financial products and services including loans, investment, and insurance policies.

- (a) We will apply a holistic approach to the evaluation of bonds and stocks by integrating natural capital considerations in environmental, social, and governance (ESG) risk analysis in short-, medium-, and long-term growth forecasts of investee companies.
- (b) We will systematically incorporate the consideration of evaluating natural capital into the credit policies of specific sectors, including commodities, that have a major impact on natural capital, either directly or indirectly through the supply chain.

Sumitomo Mitsui Trust Holdings Action Guidelines for Preserving Biodiversity

- 1. Implementing Measures and Providing Support for Biodiversity Preservation:** We will strive to actively protect endangered and native species. In our role as a corporate citizen, we will work to support activities for the preservation of biodiversity.
- 2. Providing Products and Services:** We will endeavor to develop and provide products and services that contribute to the preservation of biodiversity, by conducting appropriate economic and social evaluations of the ecosystem and encouraging the sustainable use of living resources through our financial functions.
- 3. Collaboration with Stakeholders:** We will engage in dialogue and cooperation with our stakeholders while working to preserve biodiversity.
- 4. Education and Training:** We will ensure thorough implementation of these action guidelines at all Group companies and will work to provide education and training aimed at the preservation of biodiversity.
- 5. Information Disclosure:** We will actively disclose information about our efforts to preserve biodiversity.

Activities Based on Leadership Declaration under the Business and Biodiversity Initiative

SuMiHD signed a leadership declaration under the Business and Biodiversity Initiative "Biodiversity in Good Company" at the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 9) held in May 2008 in Germany. Since then, we have continued to carry out activities in line with the principles of the declaration, which was led by the German government.



Declaration	Status of initiatives during 2013-2014
1. Analyzing corporate activities with regard to their impacts on biological diversity	We continued to provide investment trusts that assess impact on biodiversity and loan products that include impact on natural capital in their assessment criteria.
2. Including the protection of biological diversity within their environmental management system	In our CSR promotion system, we draw up a plan for each fiscal year on efforts related to natural capital and review their performance semiannually.
3. Appointing a responsible individual within the company to steer all activities in the biodiversity sector and report to the Management Board	The Chief Sustainability Officer in the Corporate Planning Department supervises all activities and reports to the Executive Committee.
4. Defining realistic, measurable objectives that are monitored and adjusted every two to three years	We have set objectives in the CSR Midterm Plan for measures including those related to natural capital, and we review performance at the Executive Committee.
5. Publishing activities and achievements in the biodiversity sector in the company's annual, environmental, and/or corporate social responsibility report	We are the first company in Japan to have begun publishing a yearly Natural Capital feature report.
6. Informing suppliers about the company's biodiversity objectives and integrating suppliers accordingly and step by step	We participated in the Consortium for Sustainable Paper Use advocated by WWF Japan. In cooperation with other users, we are also pressing ahead with efforts to take into account the environmental and social aspects of paper resource procurement, which has a major impact on biodiversity.
7. Exploring the potential for cooperation with scientific institutions, non-governmental organizations (NGOs) and/or governmental institutions with the aim of deepening dialogue and continuously improving the corporate management system vis-à-vis the biodiversity domain	We organize the Natural Capital Study Group, which brings together participants that include companies, national and regional governments, academics, research institutions, and NGOs. We play a leading role in discussions of natural capital in Japan, which also contributes to enhancing the level of our own activities.

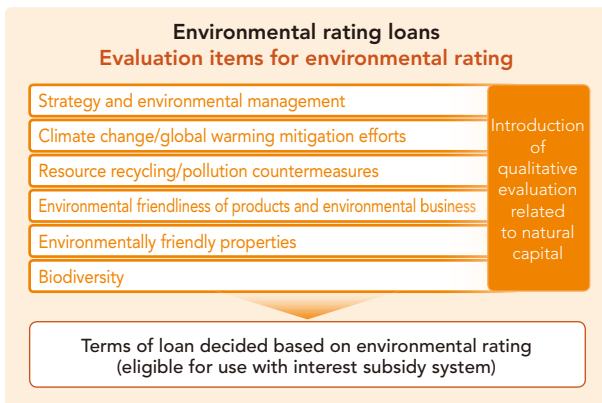
Initiatives in Loans

Environmental Rating Loans with Evaluation of Natural Capital Preservation

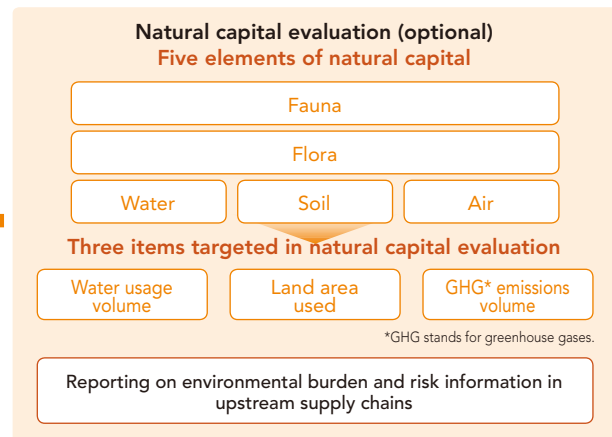
The sustainable use of natural capital as resources is vital for a company to continue its business. There is a growing awareness that efforts to address issues related to natural capital across the supply chain as well are an indispensable part of management strategy.

In April 2013, Sumitomo Mitsui Trust Bank (SuMiTB) launched

its Environmental Rating Loans with Evaluation of Natural Capital Preservation, which incorporate the concept of evaluating impact on natural capital and a company's initiatives into the environmental-rating evaluation process that assesses its environmental measures. This is the world's first attempt to incorporate natural capital evaluation into loan criteria.



Note: When companies with certain conditions use these loans to make equipment investments that help counter global warming problems, they can receive interest subsidies under the Japan Environment Association's interest subsidy program.



Note: These options are provided by PricewaterhouseCoopers Sustainability Co., Ltd. and are not available without loan products.

Benefits of Natural Capital Evaluation

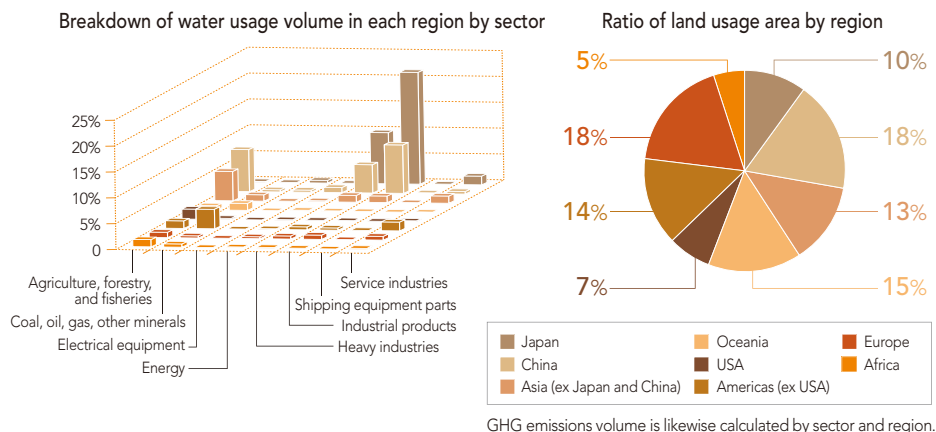
(1) Gaining quantitative risk data related to the supply chain that can be used for management judgments

- Can obtain previously hidden risk data related to environmental impacts and the use of resources that are essential to business strategy
- Can understand the supply chain risks of clients based on client-specific risk data as well as qualitative and quantitative risk data by country and region calculated on the basis of procurement conditions
- Clarifies points that need to be analyzed in greater detail with regard to countries, regions, or procured commodities that present significant risks

(2) Obtaining quantitative data on environmental impacts that can be used for information disclosure

- Can obtain results from model calculations that can be used in the Carbon Disclosure Project (CDP) or as "Disclosure of Scope 3 information" for CSR reports

Example of output from a Natural Capital Assessment Tool



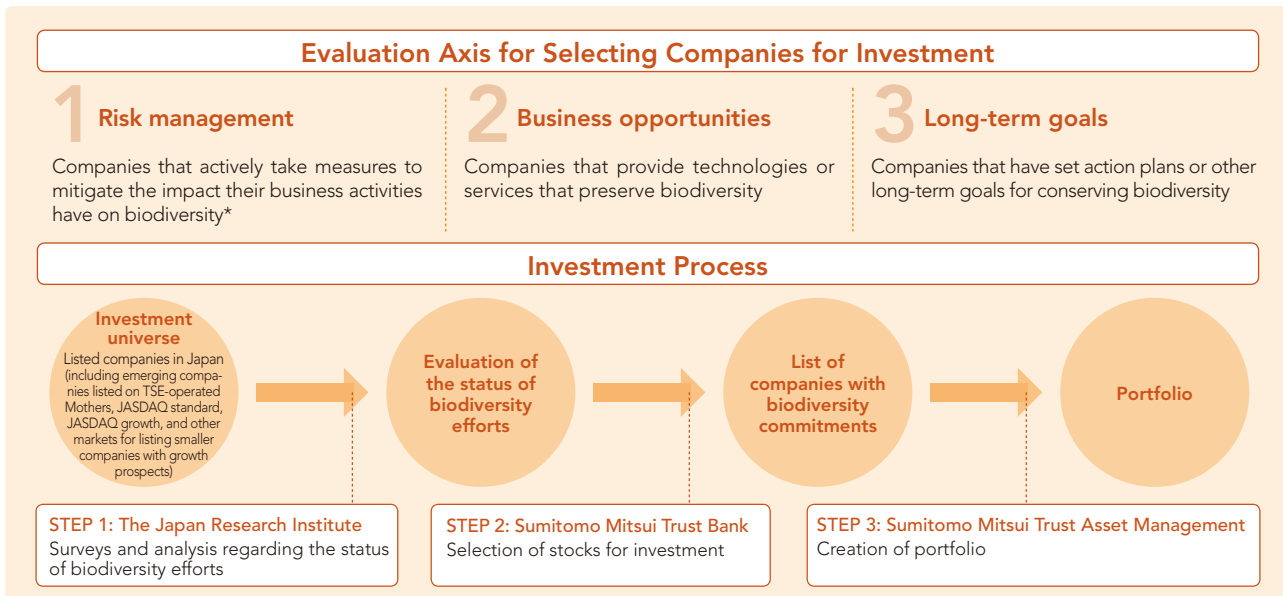
ESCHER Natural Capital Assessment Tool

ESCHER (Efficient Supply Chain Economic and Environmental Reporting) is a tool developed by PwC Germany that calculates the value of natural capital impacts. Based on procurement data, ESCHER calculations factor in industry-related input-output tables and trade statistics data to retrace the supply chain, and it estimates the degree of dependence and degree of impact on natural capital of each commodity procured, by country or region.

Initiatives in Asset Management (Responsible Investment)

Biodiversity Companies Support Fund

In 2010, Sumitomo Mitsui Trust Group developed the world's first equity fund that invests in Japanese companies that commit themselves to biodiversity conservation and sustainable use of biodiversity-related resources (this finding is based on our research).



* An index of high or low possibilities of reducing the Natural Capital Efficiency Index (service amount generated by one unit of natural capital) is used as the standard to measure degrees of risk response readiness at companies. The index is calculated based on the relationship between their sales and their energy, water, and waste footprints with an emphasis on their material balance reports.

Biodiversity Companies Support Fund Incorporated in Green Balanced Fund

The Biodiversity Companies Support Fund is also incorporated in the Green Balanced Fund, which was jointly developed in 2010 by SuMiTB and our subsidiary Nikko Asset Management. The equity fund portion of the Green Balanced Fund invests in each natural capital element, namely fauna and flora (conservation of biodiversity and ecosystem services), water (preservation of water resources that are at increasing risk of depletion), and air (reducing GHG emissions), via companies involved in those three themes. The fixed-income fund portion invests in environment-linked bonds such as those issued by the World Bank and other organizations for the purpose of raising funds for environmental conservation in emerging countries.



Corporate Activities and Natural Capital

Without natural capital, including the air, water, and soil, along with the animals and plants they nurture, it would be fundamentally impossible for human beings to live, let alone carry on corporate activities. The path to achieving sustainability is to use only the assets and services generated by natural capital, without depleting the capital itself. Yet in reality, the scale of human lives and corporate activities continues to expand, damaging natural capital in the process. We know that consuming fossil fuels degrades the air, excessive usage of water degrades the environment, and inappropriate waste emissions degrade the soil. In that case, companies that achieve economic performance by effectively using natural capital can be considered to have only a slight impact on biodiversity.



Eiichiro Adachi
Counselor,
The Japan Research Institute, Limited

Property and Natural Capital

Environmentally Friendly Construction Consulting that Considers Biodiversity

The value of ordinary buildings starts to decline as soon as construction is completed. However, biodiversity value increases every year with enhancement of the ecosystem and can make up for the decline in building value. Research shows office buildings with biodiversity-informed designs in city centers can contribute to enhanced intellectual productivity and can have an effect on rental income. Biodiversity considerations, along with factors such as energy-saving performance and durability, are an important indicator of a building's environmental performance. At SuMiTB, biodiversity considerations are included in our menu of environmentally friendly construction consulting services.



**Toyo Seikan Group Holdings, Ltd.
Osaki Forest Building**

Building area: Approx. 3,400 m²
Total area: Approx. 72,000 m²
Steel construction and steel-frame reinforced concrete structure, 21 floors above ground, 2 basement floors, 1 rooftop floor
Completed in December 2011

Integration of CASBEE and Natural Capital with JHEP

The overall value of a building and the local area can be raised by focusing on a building site's biodiversity considerations and utilizing both CASBEE for Properties (name changed from "CASBEE for Market Promotion" in November 2014) and the JHEP evaluation certification program.

CASBEE for Properties

CASBEE for Properties is a simple evaluation system for the environmental performance of buildings. SuMiTB participated in the system's development, and it includes many evaluation items related to natural capital.

JHEP: a Habitat Evaluation Certification

JHEP is a system developed by the Ecosystem Conservation Society-Japan to quantitatively evaluate and certify efforts to contribute to the conservation and restoration of biodiversity.

Initiatives to Reduce the Burden on Natural Capital

Consortium for Sustainable Paper Use

Destruction of the ecosystem due to logging in tropical rainforests and single-species afforestation to supply raw materials for paper has become a serious issue. SuMiTB joined with corporations that share our concern regarding this issue and with the World Wide Fund for Nature Japan (WWF Japan) to establish the Consortium for Sustainable Paper Use. We promote a switch to paper products that conform to our CSR procurement guidelines, and we aim to spread the sustainable use of paper throughout society as a whole by requesting our suppliers to provide paper products that are friendlier to the environment and society.



Consortium for Sustainable Paper Use policies on paper procurement

- Prioritize use of recycled paper and paper certified by reliable systems
- Do not use paper from sources that destroy forests with high protection value
- Use paper that has been produced through appropriate procedures, from logging of raw wood in compliance with laws in the country of origin
- Do not procure products from business operators connected to significant environmental or social problems

Contributing to Protection of Forests by Promoting Recycling

One-third of the Earth's land is made up of forests, but natural forests are reported to be continually decreasing at a rate of 13 million hectares per year. SuMiTB believes it is important to reduce logging to supply raw materials for paper, and we are promoting thorough recycling at our

base buildings both in paper procurement (input) and disposal (output). We procure photocopy paper, in principle, with a 100% recycled content ratio. In addition, when disposing paper, we thoroughly sorted and recycle it, and we are maintaining a 95% recycling ratio for paper waste.

Leadership in Japan and Overseas

Participation in Ministry of the Environment Symposium

In February 2014, the Ministry of the Environment held an international symposium on “Natural Capital and Corporate/Municipal Management.” Specialists at the forefront of efforts in natural capital in Japan and overseas attended the symposium. They discussed the latest trends in natural capital management around the world and measures to advance its implementation.

SuMiTB sent lecturers who spoke on the topic “Natural Capital from the Perspective of Financial Risk,” explaining the impact on credit risk for Japanese government bonds, which rely on procurement of natural capital from overseas, and on investment and loan decision making in view of corporate supply chain risks.

Participation in COP 12

The 12th meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 12) was held from October 6, 2014, in Pyeongchang, South Korea. Participants discussed issues of financial support for developing countries and problems in sustainable development and biodiversity.

SuMiTB took part in the Business and Biodiversity Forum, one of the main events of COP 12, and served as a panelist for the discussion on “Resource Mobilization” on

Day 2. At the panel discussion, we introduced our Natural Capital Loan as an example of a loan that incorporates an assessment of impacts on natural capital in the supply chain. The conference participants showed keen interest.



Natural Capital Study Group

SuMiTB believes that we urgently need to gain knowledge on the quantitative evaluation of natural capital, and in particular its economic evaluation, so that we can promote measures for the maintenance, preservation, and sustainable use of natural capital. To that end, the Natural Capital Study Group (chaired by Masaru Yarime, Associate Professor, Graduate School of Public Policy, the University of Tokyo) was launched in April 2013, subsidized by the Trust Forum Foundation, with the participation of companies, national and regional governments, academics, research institutions, NGOs and others.

The Study Group meets every two months. Each person in charge makes a report on a set topic each session. The

topic, based on the report, is discussed from various angles. In addition, the Study Group summarizes the content of its debates and disseminates the information to the broader public at its annual symposium.

At the October 2014 meeting of the Study Group, several members drew up a report on the 12th meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 12) held in Pyeongchang, South Korea. They shared information on the latest global trends.



The water, soil, air, animals, and plants that make up natural capital are fundamental elements essential to human life. However, the value and benefits of this natural capital are not sufficiently recognized, and destruction of nature and depletion of resources have progressed to critical levels. Various initiatives are underway in Europe and the United States to understand natural capital in economic terms, but we cannot necessarily say that systematic studies have progressed in Japan.

The Natural Capital Study Group discusses how Japan should carry out initiatives that care for natural capital, particularly in economic activities at the working level; compiles reports; and makes concrete proposals.

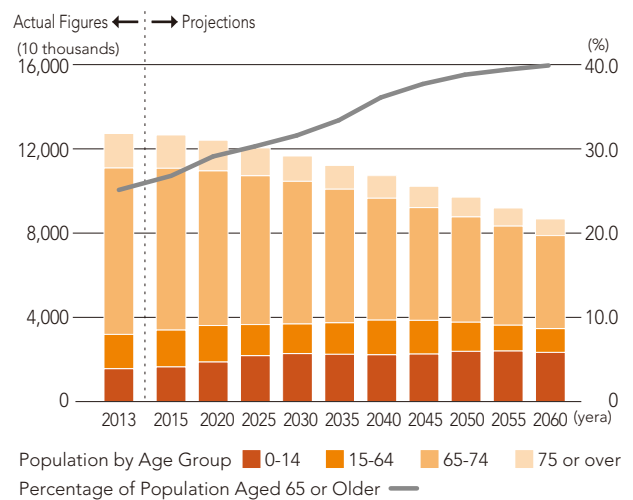


Masaru Yarime
Associate Professor,
Science, Technology, and
Innovation Governance (STIG)
Graduate School of Public Policy,
the University of Tokyo

Addressing the Issues of a Super-Aging Society by Using Our Financial Functions

The birthrate in Japan is continuing to fall and the population is declining rapidly. With the population of 65 years or older reaching 25%, our nation has become a super-aging country without parallel elsewhere in the world and various social distortions are beginning to emerge. Sumitomo Mitsui Trust Bank (SuMiTB) actively supports successful aging, seeking to ensure that our clients can continue to enjoy healthy, spiritually enriching lives as they grow older. To this end, we use our financial functions to offer a range of information and solutions to the money worries of senior generations.

Trend in Aging Population and its Projection



Sources: Figures for 2013 are from the "Population Census" (as of October 1, 2013), Ministry of Internal Affairs and Communications; estimates for 2015 and beyond are based on the medium-fertility (medium-mortality) projection from the "Population Projections for Japan (January 2012)," National Institute of Population and Social Security Research.

Successful Aging

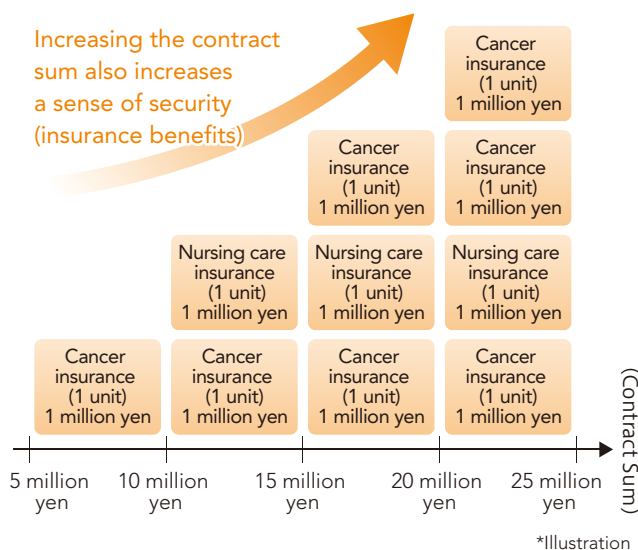
1. Helping People to Maintain Their Own Lifestyles

Wrap Accounts/Life Reassurance Package

SuMiTB offers discretionary investment management products (wrap accounts). We suggest a management plan suited to the client, who then concludes a discretionary investment contract, entrusting all decisions relating to the management of their investment—including buying and selling—to SuMiTB to undertake on their behalf. Clients aged between 40 and 65 who have applied for a wrap account can also apply free of charge for a Life Reassurance Package, a service that features cancer and nursing care insurance. (SuMiTB bears the cost of the premiums.)

Mechanism of Life Reassurance Package

For each contract sum of ¥5 million invested in a wrap account, SuMiTB will put in place ¥1 million (1 unit) of insurance against either cancer or nursing care. Increasing the contract sum through additional investments allows the client to build up the level of assurance with a combination of cancer and nursing care insurance.



Foreign Currency Revolution Reassurance Package

In December 2014, SuMiTB developed the “Foreign Currency Revolution Reassurance Package,” the first service in the trust banking industry to attach cancer and nursing care insurance coverage to foreign-currency time deposits (called “Foreign Currency Revolution”) without any extra fee, in partnership with Cardif-Assurances Risques Divers.

Customers eligible for this service are people aged 40 to 65 who apply for the Foreign Currency Revolution (deposit

period: 1 year, automatic renewal). For each 3 million yen tranche of deposits deposited by customers, 500,000 yen will be paid to them if they have been hospitalized with cancer for a total of 31 days or more or if they are recognized as requiring Level 2 or a higher level of long-term nursing care. As long as the Foreign Currency Revolution contract remains in effect, the insurance coverage remains valid without a need for the customers to pay insurance premiums (the insurance premium cost will be borne by SuMiTB).

Reverse Mortgages

A reverse mortgage is a loan that supports an enriching second life. SuMiTB began offering reverse mortgages in March 2005, which lend funds to allow clients to live comfortably in their retirement years by using their residence as collateral. The funds can be received in an annual specified amount like a pension, or at any time in an amount within a certain predetermined limit, with their residence serving as the collateral.

This product enables them to use the money for any purpose other than as a business loan, so that they can not only use it to enjoy their free time, but also to fund renovations to their residence or as a lump sum payment when moving into a nursing home.

Relocation and Renovation

Renovation loans

Some people need to carry out renovations to accommodate reduced mobility or the need for nursing care, in order to continue living in their familiar residence. Sumitomo Mitsui Trust Panasonic Finance offer renovation loans to support our clients in housing to live comfortably after retirement.

Bridge loans for sales of real estate

As their family structure and physical condition changes, quite a few people find that they want to sell their residence to move into a nursing home or a condominium in an area where transport is more convenient. To ensure that clients do not have to rush to sell their precious real estate, Sumitomo Mitsui Trust Loan & Finance offers bridge loans for sales of real estate, providing them with support as they seek a new home that suits their post-retirement lifestyle.

In addition, our realty company Sumitomo Mitsui Trust Realty offers clients help with selling their old home and buying a new one.

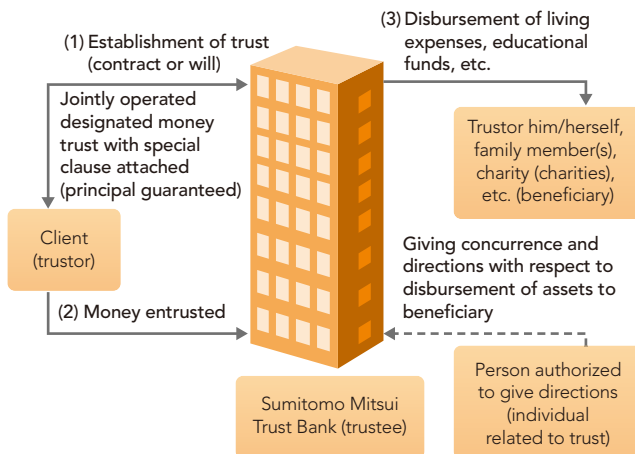
2. Helping People to Manage Their Post-Retirement Assets Safely

Anshin Support Trust (Money Trust)

SuMiTB offers Anshin Support Trust, a product that leverages the unique functions of a trust bank to provide medium- to long-term, made-to-order support for the preservation and management of clients' precious assets for their sake as well as their families'. Two types of Anshin Support Trust are available: a "money trust" and a "life insurance trust."

As for the money trusts, the trustor him/herself (self benefit trust) or another person (third-party benefit trust) can be named as the trust beneficiary. In this way, trust assets are disbursed according to the client's wishes, to him/herself, family members, charities, or any other bodies. For example, if a client is considering moving into a nursing home, but has nobody to whom they can entrust the management and conservation of their precious assets and are concerned about what would happen if they were to develop dementia in the future, SuMiTB would pay their monthly nursing home fees on their behalf, without fail.

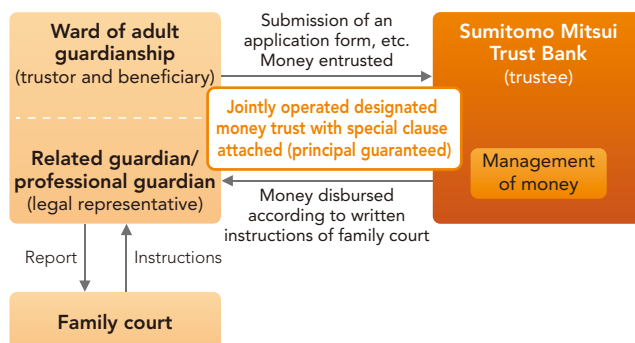
Mechanism of Money Trust



Guardianship System Support Trust

The Guardianship System Support Trust is a trust designed to protect the assets of the ward and contribute to the stability of his or her living into the future. The money placed in trust is paid out as a specified sum paid regularly to the ward, under a special provision established in accordance with a written instruction of the family court.

Guardianship System Support Trust



Outline of the Adult Guardianship System

The adult guardianship system provides legal protection to people whose ability to make judgment is impaired by dementia or intellectual disabilities through the designation of their guardian to protect their rights.

The system is divided into two types—a legal guardianship system and a voluntary guardian system. Under the legal guardianship system, a guardian provides assistance after a person is recognized by the family court to lack sufficient ability to make judgment. Under the voluntary guardianship system, a guardian is designated in advance in preparation for an expected future decline in a person's ability to make judgment.

Under the legal guardianship system, three levels of support—guardianship, "hosa" support and "hojo" support—are available according to the level of the ward's ability to make judgment.

Selection of Adult Guardians

The family court selects a person deemed to be the most suitable guardian. A person other than a candidate proposed at the time of the filing for guardianship may be selected (a guardian may be selected from among professionals such as lawyers, judicial scriveners, certified social workers and certified tax accounts as well as corporations involved in legal affairs and welfare services), depending on the kind of support needed by the ward, among other factors.

Role of Adult Guardians

Adult guardians are responsible for protecting and supporting wards by administering their assets and concluding necessary contracts on their behalf while respecting their intentions and giving consideration to their mental and physical conditions and the living circumstances. Adult guardians' job duties are limited to those related to legal acts, such as the administration of assets and conclusion of contracts on their wards' behalf, and serving meals or conducting actual nursing care activities are generally not included among their job duties. Adult guardians report on their administrative work to and receive instructions from the family court (this arrangement is known as "guardianship supervision").

(Source: family court)

Consultations and Inquiries related to the Adult Guardianship System

Under agreements concluded with the Legal-Support Adult Guardian Center (Legal-Support) and some regional lawyers' associations, SuMiTB refers customers' consultations and inquiries related to the adult guardianship system to Legal-Support and the associations. Customers can consult with judicial scriveners recommended by Legal-Support and lawyers recommended by regional lawyers' associations.

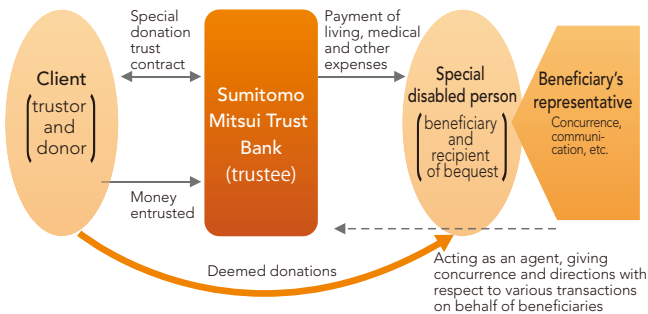
When there is no relative suited to act as a person authorized to give directions and concurrence with regard to Anshin Support Trust, a voluntary guardianship contract may be concluded with a reliable lawyer or judicial scrivener, designating him/her as the person authorized to give directions and concurrence with regard to Anshin Support Trust. Through the combination of the voluntary guardianship system and the trust service, the supervision of wards and administration of their assets can be better ensured.

3. Helping with Lifestyles of Family and Relatives

Special Donation Trust

The special donation trust is a product for the purpose of contributing to stable living into the future for specified persons with disabilities. With this trust, funds donated are managed securely by SuMiTB through jointly operated designated money trusts and other instruments, and disbursed to the specified person with disabilities by the bank on behalf of the client.

Structure of Special Donation Trusts



"Specified persons with disabilities" who become beneficiaries are divided into "special persons with disabilities" and "other specified persons with disabilities" according to the degree of disability. Special persons with disabilities may receive up to ¥60 million tax-free in periodic installments to cover living costs or medical expenses, while other specified persons with disabilities may receive up to ¥30 million without paying tax.

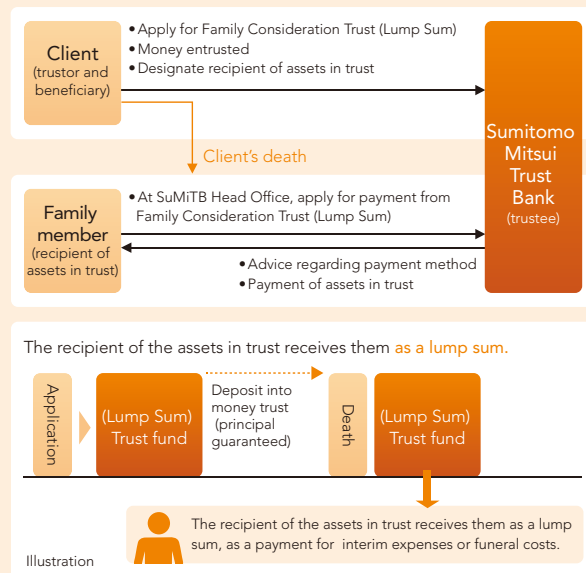
Anshin Support Trust (Life Insurance Trust)

Anshin Support Trust (Life Insurance Trust), co-developed by SuMiTB and Prudential Life Insurance Co., Ltd., makes it possible to flexibly design the trust service in advance with regard to the provision method and usage of life insurance benefits. For example, the trust service can be designed such that if a customer dies, benefits are paid out as necessary while being protected to cover education expenses for their children.

Family Consideration Trust (Lump Sum)

In the event of a bereavement, family members have to deal with various procedures, including arrangements for the funeral and inheritance-related procedures. The Family Consideration Trust (Lump Sum) is a product that, in the event of a client's death, pays out the deposited assets in trust to a recipient designated in advance by the client from among their legal heirs so as to cover interim expenses and funeral costs.

Family Consideration Trust (Lump Sum)

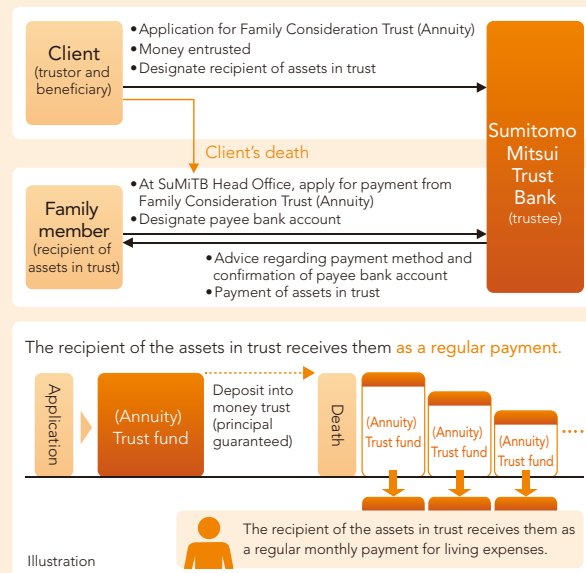


Family Consideration Trust (Annuity)

This product ensures a regular payment from the deposited assets in trust, offering bereaved family members a sense of security in their daily lives after the client's death.

We manage the deposited assets in trust and support their family by making a regular monthly payment to cover living costs to a recipient designated in advance by the client from among their legal heirs.

Family Consideration Trust (Annuity)

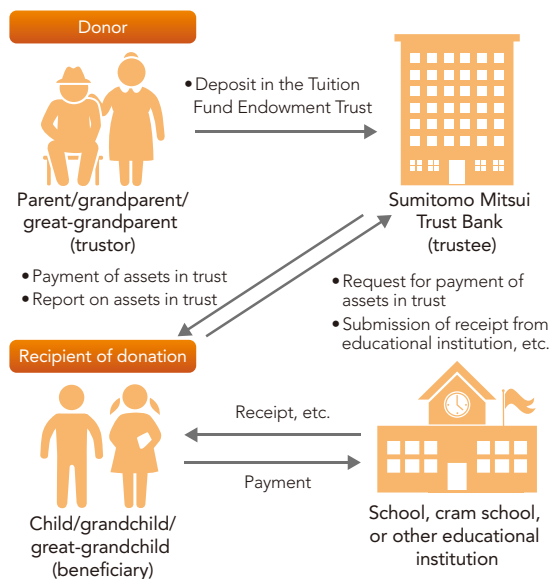


4. Helping People to Pass on a Variety of Assets Smoothly to the Next Generation

Tuition Fund Endowment Trust (also referred to as “Thinking of Our Grandchildren”)

An exemption from gift tax has been created for lump-sum donations to cover tuition funds, allowing grandparents to make a tax-free lump-sum donation to grandchildren, etc. aged under 30, to help with tuition fees and other educational costs.

Funds deposited with SuMiTB as tuition funds for a grandchild, etc. via this product are paid out as tuition funds by SuMiTB when a request for payment is received from the grandchild, etc. If payment is made to a school or other educational institution, an exemption from gift tax will be provided, up to a maximum of ¥15 million per grandchild, etc.



Annual Donation Support Trust

Annual Donation Support Trust is a service that supports the implementation of procedures for lifetime donation to relatives, such as compilation of a donation contract. Each year, SuMiTB provides customers with information on documents necessary for the donation, helping them to not miss the opportunity for donation. This service makes it easy to execute lifetime donations. Once each year, SuMiTB sends a donation report to both the donor and recipient.

Estate Planning

Estate planning is a service that provides support (consulting) aimed at summing up the client's wishes regarding the succession of their assets and drawing up a specific plan for this. Using the know-how that we have built up over decades in the field of asset management, inheritance, and will-related services, SuMiTB offers the following consultation services.

Will Trusts

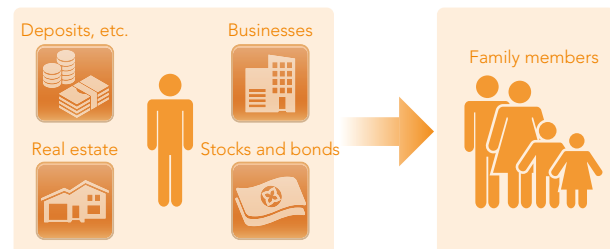
SuMiTB offers a will trust service to support the succession to the next generation of various assets, including deposits, securities, and real estate, in accordance with the client's wishes. Will Trust has the following two courses:

Execution Course: SuMiTB holds wills under its custody and undertakes their execution when the inheritance procedure starts.

Custody Course: SuMiTB holds wills under its custody and hands them over to the heirs when the inheritance procedure starts.

Meanwhile, to customers who wish to contribute their legacy to social and public goods, SuMiTB provides information on the "donation through bequeathal" system. This system supports people who wish to bequeath their legacy (donation by way of a will) to such organizations as public foundations, incorporated organizations, incorporated educational institutions and recognized non-profit organizations through SuMiTB's will trust business function.

A variety of assets will be securely passed to the next generation according to customers' intentions.



One-Stop Inheritance Service

SuMiTB offers a One-Stop Inheritance Service to ensure that complex inheritance procedures proceed smoothly. More specifically, upon application by an heir, we will provide support and carry out the following procedures on their behalf, according to their request.

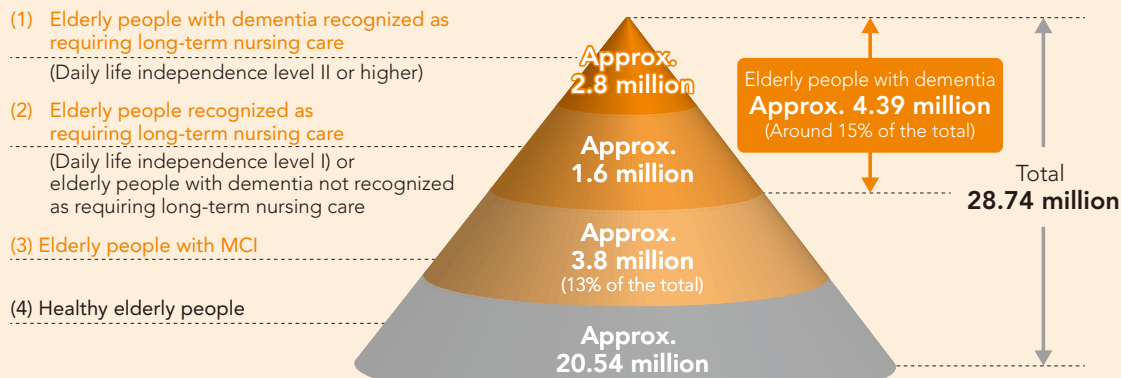
- Confirmation of the legal heirs
- Investigation and identification of inherited property
- Advice in discussions concerning the division of the estate
- Change of name on savings and securities and/or their conversion into cash (we will carry out the procedures prescribed by each financial institution on the heir's behalf)
- Change of name on real estate
- Advice concerning allowances to pay tax obligations, such as income tax and inheritance tax

5. Dealing with Dementia-Related Problems

Dementia is a disease which accompanies aging. Dementia, a typical example of which is Alzheimer's disease, causes disabilities, including memory and judgment problems, by undermining the brains' functions, making it difficult for the patient to lead a social life and communicate with other people. In line with the progress in the aging of society, the number of people suffering from dementia in Japan is

rapidly increasing. Among people aged 65 or older, around one in seven people is presumed to be suffering from dementia, and if people afflicted with MCI (Mild Cognitive Impairment), which is regarded as a pre-dementia stage, are included, the proportion rises to one in four. This means that a certain percentage of our customers are presumed to be suffering from dementia.

Current Status of Dementia among People Aged 65 or Older (estimate as of 2010)



Source: Ministry of Health, Labour and Welfare

Participation in Industry-Academia Partnership concerning Dementia

SuMiTB is participating in the project for "a development center of social technologies integrating law, engineering and medicine that seamlessly support elderly people's community life from the period of sound health to the development of dementia," which is led by the Kyoto Prefectural University of Medicine and which has been adopted as a trial for the Ministry of Education, Sports, Science and Technology's "Center of Innovation Science and Technology based Radical Innovation and Entrepreneurship Program." SuMiTB belongs to the financial satellite team under this program and is receiving valuable opinions concerning face-to-face sales to people with dementia and product development from the viewpoints of psychiatry, psychology and nursing care activity.

In October 2014, SuMiTB invited the satellite team's members to hold a stakeholder dialogue. Taking inconsideration that elderly people suffering from dementia have been involved in various problems, SuMiTB solicited opinions as to what is expected of it in relation to over-the-counter service and product development. As opinions from people engaging in care work are very useful, SuMiTB intends to use them for future initiatives (see page 9).



Workshop on Becoming a Supporter for People with Dementia

The nurturing of "Dementia Supporters" is an initiative organized by the Ministry of Health, Labour and Welfare, with the aim of creating a "society in which people can live with a sense of security even with dementia." With the aim of training employees as Dementia Supporters, SuMiTB is holding a course called the Workshop on Becoming a Supporter for People with Dementia at each of our branches across the country. Participating employees are certified as Dementia Supporters after taking a course lasting about an hour, which covers such matters as the symptoms of dementia, problems that can occur at financial institutions, and ways of dealing with people who have dementia. As a result, many employees have acquired deeper understanding of dementia.

Participation in a Symposium concerning Elderly People

SuMiTB supported "Challenges and Prospects for Creation of Social System that Supports Aging of Society," a symposium co-organized by Chiba University and Keio University. In this symposium, SuMiTB participated in a panel discussion titled "Administration of Elderly People's Assets and New Vision of Community" as a panel member.



6. Increasing Literacy concerning Super-Aging Society

Taking Wellbeing Knowledge Examination

Gerontology is an academic field that covers a wide range of topics relating to seniors, including their health and welfare; social participation; food, clothing, and housing; financial affairs; and mental health care. At SuMiTB's Retail College, a group training program for staff in retail positions, who have a great deal of contact with individual clients, we have established a gerontology course, with the aim of improving literacy among our staff concerning the challenges of an aging society. The participants took the Wellbeing Knowledge Examination administered by Lifestyle & Welfare Environment 21.



Textbook used at our Retail College

Partnership with ILC-Japan

SuMiTB is a member of the Advisory Board of ILC-Japan, the Japanese branch of the International Longevity Center, which is an international alliance of organizations focused on gerontology. We are jointly studying approaches that companies should adopt to a super-aging society in the Seminars on Long-Lived Societies. In February 2014, SuMiTB contributed an article titled "Financial Institutions' Role in Super-Aging Society" to a special issue of Longevity Society Global Information Journal, published by ILC-Japan.



Contents of the gerontology course

- Infrastructure for wellbeing in a happy aging society
- Physical health
- Mental health
- Communication
- Prevention of aging
- Life
- Social exchange
- Regional revitalization and new businesses
- Efforts to prevent the development of conditions requiring nursing care
- Nursing care insurance and nursing care work
- Medical care and pensions
- Living safety and security

Sustainable Communities Support Working Group under Principles for Financial Action for the 21st Century

Mitsui Sumitomo Trust Holdings has formed the Sustainable Communities Support Working Group under the Principles for Financial Action for the 21st Century (see page 123) and has assumed the chairmanship (joint chair with Seibu Shinkin Bank). In fiscal year 2014, this group is conducting research with regional comprehensive care as its theme. In June, Takashi Mihara, a research fellow and project manager at the Tokyo Foundation, was invited to make a speech titled "Current Status of Regional Comprehensive Care and Suggestions for Regional Financial Institutions." In September, the group inspected the actual status of comprehensive regional care service provided mainly by Higashi Saitama Sogo Hospital in Satte City, Saitama Prefecture.

Initiatives to Prevent Remittance Scams

With the aim of reminding employees about the key points that are crucial to preventing remittance scams, SuMiTB holds lectures for employees on the prevention of remittance scams at all of our branches nationwide. The lectures are held with the assistance of the police and participants learn about the status of remittance

scams locally, the methods used by criminals to target their victims, and the key points crucial to preventing this form of crime. Employees also role-play various remittance scams scenarios.



Moreover, employees at our branches routinely speak to clients who are making bank transfers, and carry out thorough checks of such transactions. As a result, we were able to prevent 32 cases of remittance scams in FY2014. In addition, 16 of our branches have received commendations from local police forces for their contributions in this area.

SuMiTB will continue to be proactive in speaking to our clients in our endeavors to prevent crime.

List of commended branches

Ichinomiya Branch	Yokosuka Branch	Yokohama Branch	Okayama-Chuo Branch
Ogikubo Branch	Tokorozawa-Ekimae Branch	Matsudo Branch	Numazu Branch
Ueno Branch	Shakujii Branch	Omiya Branch	Machida Branch
Tsudanuma Branch	Tokyo-Chuo Branch	Kita-Kyushu Branch	Tachikawa Branch

* The Yokohama, Shakujii, Omiya, Ogikubo and Matsudo Branches were commended twice.

7. Seminars for Customers concerning Problems related to Super-Aging Society

Silver College Seminars

SuMiTB is offering Silver College Seminars for our clients among senior generations, who are most in need of knowledge based on gerontology. The wide range of themes taken up in the seminars is drawing much praise from participants.



A Silver College seminar opened at the Ichikawa Branch



Pamphlet about Silver College Seminars

Examples of Silver College Seminars in FY2014

	Seminar 1: A Safe, Secure Post-Retirement Lifestyle	Seminar 2: Post-Retirement Residence Options	Seminar 3: If the Worst Came to the Worst... Would You Be Prepared?
Lecture name	Common Sense and Misconceptions Concerning Senior Health —People who eat meat live longer—	Continuing to Live in Your Current Home —Rebuilding and Renovation—	Properly Understanding Dementia and Making Preparations to Ensure a Sense of Security —Advice from the front line of nursing care—
	Are You Fully Prepared in Case of Furikome (Remittance) Fraud? —“It couldn’t happen to me” is the most dangerous attitude—	Living in Housing for Seniors —Choosing a nursing home—	A Departure You’ll Be Happy with —How to face your final days—
	How Will You Protect Your Assets? —From management for growth to management for protection—	Variations of Relocating —Things to think about before you get old—	Things You Ought to Know: The Adult Guardianship System, Wills, and Inheritance —Preparations you can make now—

8. Real Estate Securitization Business Incorporating Facilities Supporting Super-Aging Society

Securitization Business of Healthcare Facilities

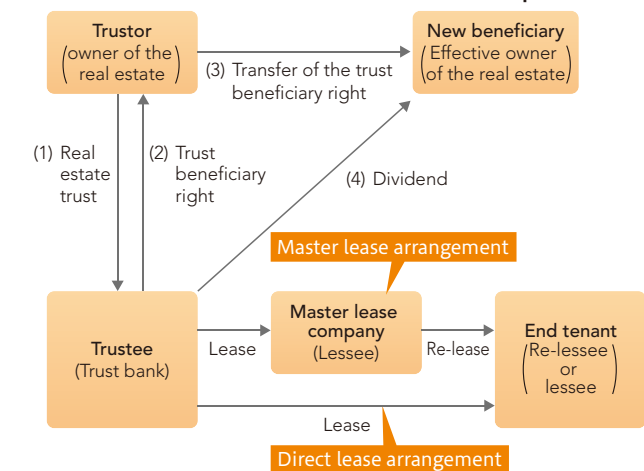
SuMiTB is actively engaging in the securitization business related to real estate investment trusts (REITs) and privately placed funds incorporating healthcare facilities such as private pay nursing homes, homes for elderly people with care service attached and hospitals. As of November 2014, SuMiTB had an entrusted balance of assets worth approximately 60 billion, including a total of 30 facilities.

In the securitization business related to REITs and privately placed funds, SuMiTB uses the scheme of real estate administration and disposal trust. The real estate administration and disposal trust business refers to transfer of real estate ownership from the trustor (real estate owner) to the trustee (trust bank) followed by administration, management and disposal of the real estate by the trustee based on directions given by the beneficiary and the distribution of profits thus generated (mainly rent revenue minus expenses) as dividends to the beneficiary.

As the pioneer of the real estate trust business, SuMiTB has so far been involved in a number of innovative cases of real estate administration and disposal trust. In the real estate securitization business as well, SuMiTB has a record of managing numerous trusts and handling a wide range of real estate assets, including offices, houses, hotels, and distribution and commercial facilities. SuMiTB has the largest amount of entrusted real estate assets among Japanese trust banks, approximately 11 trillion yen (as of November 2014).

Moreover, in addition to engaging in the real estate securitization business, SuMiTB also undertakes REIT-related asset custody and general administrative work. Healthcare & Medical Investment Corporation (SuMiTB entrustment), which was established in December 2014, provides various support services in cooperation with customers.

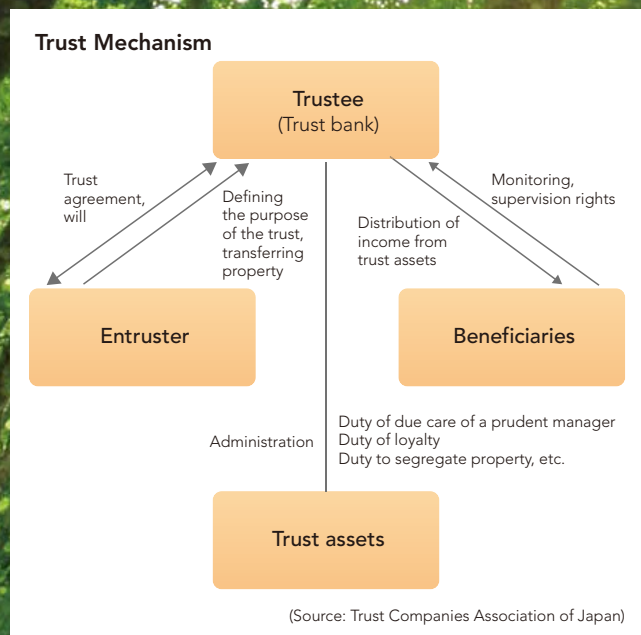
Outline of the real estate administration and disposal trusts



- (1) The trustor (owner of the real estate) entrusts the real estate to the trustee (trust bank) (The ownership of the real estate is transferred from the trustor to the trustee).
- (2) The trustor acquires the trust beneficiary right in exchange, becoming the initial beneficiary.
- (3) The trustor transfers the trust beneficiary right to the buyer (new beneficiary).
- (4) The trustee distributes profits generated from management of the real estate as dividends to the new beneficiary.

Various Solutions Using Trust Functions

Under the trust system, entrusters enact trust activities, such as trust agreements and wills, to transfer their property including money and estate to a trustee, who the entrusters can rely on. The trustee, then, administers the trust property for their beneficiary in accordance with the aims defined by the entrusters. The trustee is highly responsible for the duty of loyalty and other obligations. Based on our "Trustee Spirit", Sumitomo Mitsui Trust Holdings is working towards resolving social issues.



Mechanism of Using Donations and Other Funds to Solve Social Issues

Charitable Trusts

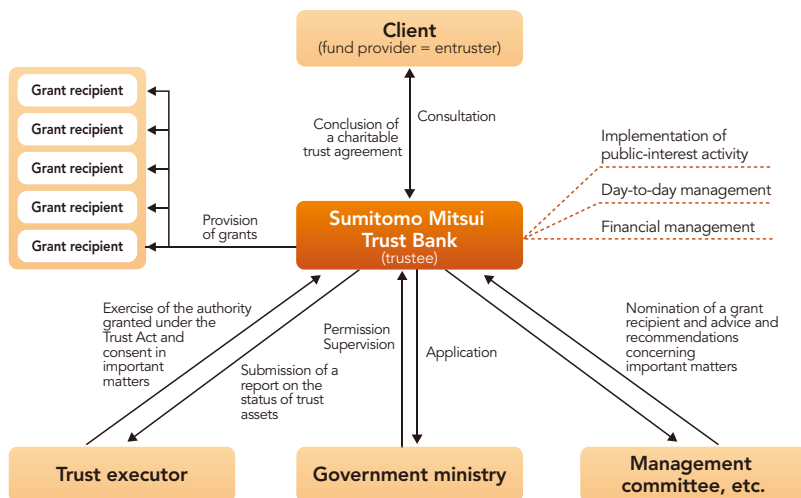
A charitable trust is a system in which funds are entrusted to a trust bank that administers and manages the funds to carry out charitable activities in accordance with a previously determined way. For example, these trusts may be used by individuals wishing to provide funds for charitable activities or by companies that wish to return a portion of their profits to society. They have been used in a wide range of fields, including the provision of academic scholarships, support of environmental protection activities, and promotion of international cooperation and international exchanges.

Since Sumitomo Mitsui Trust Bank (SuMiTB) began managing its first charitable trust in 1977, the number of trusts under its management has steadily risen, conducting supported

projects in various charitable fields. SuMiTB began managing the Keidanren Nature Conservation Fund, a charitable trust, from the Keidanren Committee on Nature Conservation in 2000, and then received donations from Keidanren member corporations and other private corporations and individuals, supporting nature conservation activities carried out in Japan and developing countries by NPOs, NGOs, and other organizations.

As of March 2014, there are 209 charitable trusts with total assets of 34.1 billion yen under SuMiTB's management. In fiscal year 2013, charitable trust funds totaling 1.2 billion yen were provided to 3,046 bodies in total (including individuals) for activities that serve the public interest.

Mechanism of Charitable Trusts



List of Charitable Trusts by Donation Type (as of March 2014)

Type	Number of trusts under management
Scholarship	74
Promotion of natural science research	40
Promotion of human science research	6
Promotion of education	23
Social welfare	10
Promotion of arts and culture	9
Protection and propagation of animals and plants	1
Conservation of the natural environment	8
Development and maintenance of the urban environment	18
Promotion of international cooperation and exchanges	15
Other	5
Total	209

Charitable Trust: Masaharu and Keiko Ino Nogaku Promotion Fund

Masaharu and Keiko Ino Nogaku Promotion Fund is a charitable trust, which was established on September 29, 2014, with the Tokyo Metropolitan Board of Education authorization. The fund started with the private contribution from the entruster Keiko Ino and aims to promote Japan's traditional performing art, *Nogaku* theatre, which is on the list of the Intangible Cultural Heritage of Humanity of UNESCO.

Mrs Ino created the fund, because she worried about

the financial difficulties of individuals and organizations that preserve the exquisite, distinctive *Nogaku* and the related items inherited from the 14th century, such as masks, costumes, books, and stages. Handing them down to the next generations also needed support. Establishing the fund was also her late husband's wish.

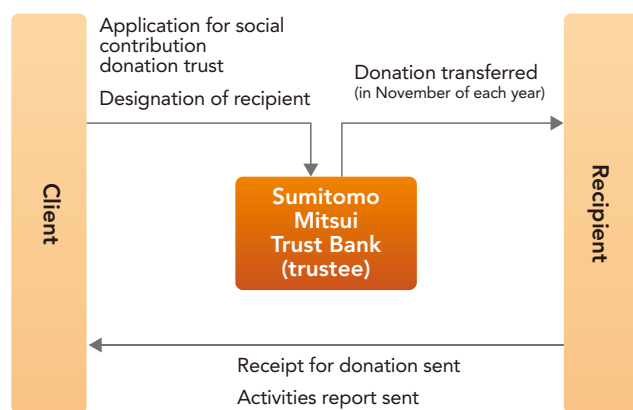
The trust provides grants to individuals and organizations in Tokyo to support promotion of *Nogaku* and studies on the traditional art.

Social Contribution Donation Trust

SuMiTB offers social contribution donation trusts (also referred to as “Bridge to Tomorrow”) intended to make donations to charitable corporations and other organizations engaged in social contribution activities. Through the trust, clients can choose donation recipients from a list of organizations that SuMiTB provides and donate one-fifth of the original trust principal once a year. (Donors can change donation recipients each year.) These clients receive reports from the recipient on how the donations were used and what activities were conducted.

SuMiTB supports activities regarding not only the environment but also various themes including education, medical care, academia, and culture through social contribution donation trusts.

Mechanism of Social Contribution Donation Trusts



List of Donation Recipients (as of April 1, 2014)

Environment	World Wide Fund for Nature Japan (WWF Japan)
Environment	Ecosystem Conservation Society-Japan
Education	National Federation of UNESCO Associations in Japan
Medicine	Japan Cancer Society
Social welfare	Japan Guide Dog Association
International medical support	Médecins Sans Frontières Japan
Academics	The Japan Prize Foundation
Culture	Japan Arts Council
Disaster reconstruction support	Central Community Chest of Japan (disaster relief for the Great East Japan Earthquake)
Support for children	The Nippon Foundation
Support for sports for people with disabilities	Special Olympics Nippon Foundation
Medicine	Center for iPS Cell Research and Application, Kyoto University

Designated Donation Trusts

SuMiTB offers designated donation trusts, which were created based on the fiscal year 2011 revision to the tax system; profits are exempt from taxation when they are donated. Clients can add non-taxed return to their donation. Donation recipients can be chosen from outside the list of organizations SuMiTB provides. Regular donations are made over a period of either five or ten years to the designated recipient.

Donations through Bequests

In order to meet the needs of clients who hope to see their assets used to serve the good of society, SuMiTB provides support services through its testamentary trusts for estate donations. The bank collaborates with universities and other public interest bodies regarding bequest donations.

One of the donation recipients:

Médecins Sans Frontières



Médecins Sans Frontières (MSF) is an international, independent, medical humanitarian organization that directly delivers emergency aid to people affected by armed conflict, natural disasters, poverty, and exclusion from healthcare.

MSF has established 28 offices worldwide and works primarily in developing countries in areas such as Africa, Asia, and South America. In 2013, more than 36,000 of international and local staff were engaged in its activities in about 70 countries and regions.

MSF operates mostly through private donations while recruiting field staff throughout the year. Moreover, it actively reports on the front line work and patients' voices.



Through the donation of
¥50,000

1,000 people can take tests for malaria.



Through the donation of
¥100,000

each of 3,000 malnourished children can have a therapeutically nutritious meal.



Through the donation of
¥1 million

10,000 immunization kits can be prepared for children.



Through the donation of
¥10 million

five mechanical, surgical operating tables will be available.

IR/SR/ESG Consulting in Stock Transfer Agency Services Business

Stock Transfer Agency Services

The stock transfer agency services business undertakes stock-related services on behalf of stock-issuing companies. Its operations include:

- Administering shareholder registries and sending out invitations to general shareholders' meetings
- Administration on capital increases, stock splits, and other stock-related matters
- Offering various consulting services of stock-related professional work on, for example, general shareholders' meetings

IR/SR* Consulting Services

The Group has a "dedicated IR/SR team to provide IR/SR support" in the Stock Transfer Agency Business Advisory Department, and provides IR and SR support services, taking maximum advantage of the stock transfer agency's proprietary know-how and distinctive features in order to allow clients to realize efficient and effective IR and SR activities.

* Investor Relations (IR) and Shareholder Relations (SR)

Investor relations (IR) refers to public relations activities that target investors, specifically the full range of activities by which corporations provide to shareholders and investors the information they need to make investment decisions in a timely, fair, and ongoing manner. Shareholder relations (SR) refers to those activities targeting shareholders.

Major Offerings in IR/SR Consulting

Domestic beneficial shareholder survey

The domestic beneficial shareholder survey covers domestic institutional investors that exist behind domestic custodian banks. The survey can be used to select institutions subject to investor meetings on financial results and one-on-one IR meetings, and to build communication toward shareholders' meetings.

Foreign beneficial shareholder survey

The foreign beneficial shareholder survey covers overseas institutional investors that exist behind overseas custodian banks. The survey can be used to select destinations to visit for overseas IR, and provides services for promoting the exercise of voting rights toward shareholders' meetings.

Individual shareholder analysis

We analyze shareholders' registries from the perspective of IR activities. The analysis can be used to understand the current status of individual shareholders for planning IR strategies, measuring the effects of IR/SR activities for individuals, etc.

Analysis for exercise of voting rights

We analyze trends in the exercise of voting rights by domestic and overseas institutional investors. The analysis is available as materials for in-house reports and considerations, including predictions of exercise of voting rights toward shareholders' meetings and reviews after shareholders' meetings.

Focus Club (for members)

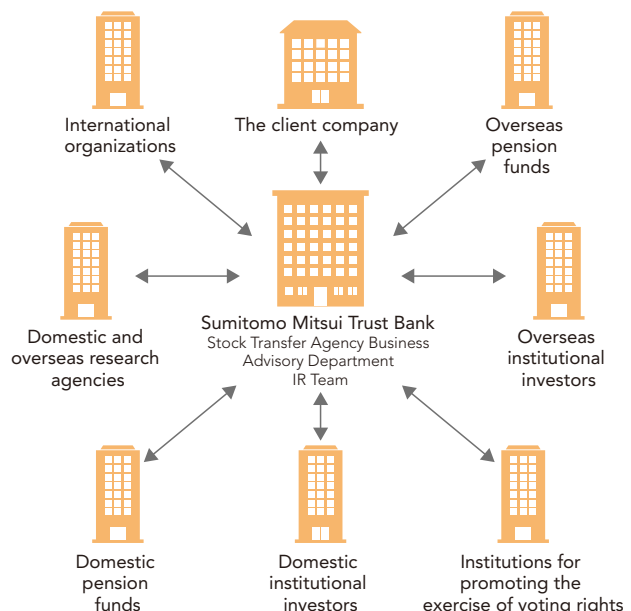
The Focus Club provides information about Japanese stocks investment trends among overseas institutional investors, etc. and their views on corporate governance to IR, administration, and legal sections of member companies.

ESG Consulting Services

Among institutional investors mostly in Europe, ESG has recently become focused significantly in medium-to-long-term operations. SuMiTB offers ESG consulting services to stock-issuing companies in the aims of promoting the importance of IR/SR/CSR activities in this trend to collect mainly overseas medium-to-long-term investors while building trust among them.



Creation of an Extensive Network of Contacts and a Hotline

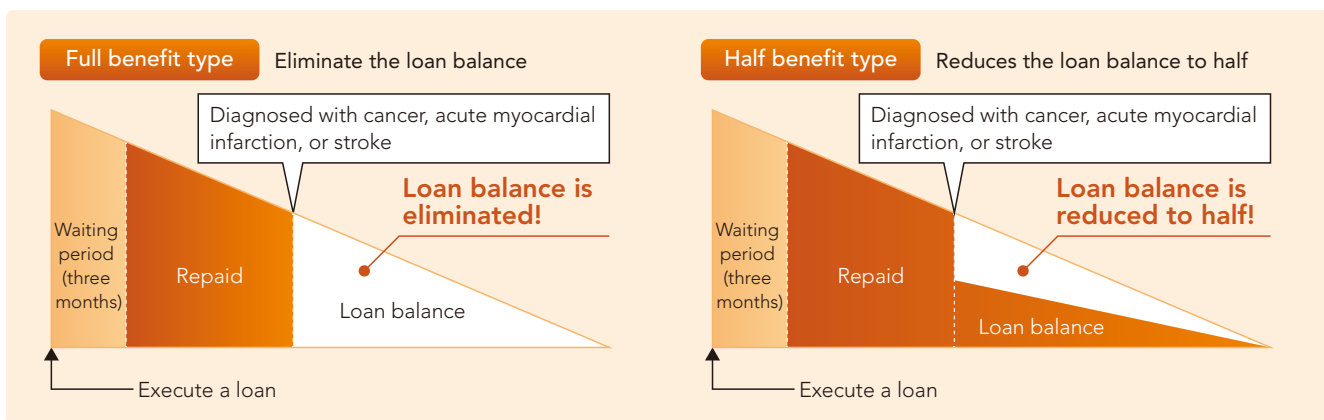


Social Contribution as Business Activities

Three Major Diseases Security/Cancer Security

Cancer, acute myocardial infarction, and stroke are known as the “three major diseases,” and cause about 55% of deaths in Japan. SuMiTB offers a service that guarantees the balance of housing loans in cases where a client is diagnosed with cancer, or with acute myocardial infarction or stroke after prescribed conditions have continued for more than 60 days. This service has two types of security, namely “three major diseases security” and “cancer security,” each of which has a “full benefit type” that eliminates the loan balance and a “half benefit type”

that reduces the loan balance to half. Moreover, “three major diseases security” contains “triple hospitalization security” with (1) a lump-sum hospitalization payment of 100,000 yen from only one-day hospitalization, (2) loan repayment security for up to two months per hospitalization, and (3) an additional lump-sum hospitalization payment of 300,000 yen for continuing two-month hospitalization, even if a client is hospitalized with a disease other than the three major diseases or with an injury. SuMiTB plans to further enhance the contents of security by expanding the diseases covered.



Support for the Bellmark Movement

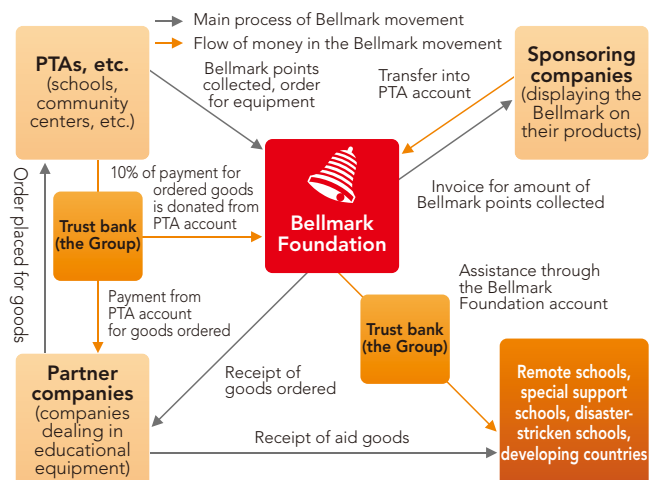
By collecting the Bellmark labels found on everyday products, schools can purchase needed equipment based on the number of points they have gathered; this is known as the Bellmark movement, which began in 1960. Although numerous banks were involved at the start, since 1982 SuMiTB has overseen all administration related to transactions for the movement.

We now administer a total of 27,873 parent teacher association (PTA) accounts nationwide (as of the end of November 2014) and take care of tasks such as handling payments from sponsor companies to PTAs, and transferring assistance funds from partner companies to the Bellmark Educational Support Foundation. In addition, we look after financial aid transfers to regions affected by disasters and adversities (friendship assistance).

When schools purchase equipment through the Bellmark movement, 10% of the purchase price is donated to the Bellmark Foundation, to be used as financial aid for schools, including those in remote areas and those

damaged in disasters, as well as schools in developing countries. SuMiTB continues to support the Bellmark project as a social contribution that is part of our business.

Our Role in the Bellmark Movement



Initiatives to Facilitate Financing

Sumitomo Mitsui Trust Group (the "Group") considers the facilitation of financing to small and medium-sized enterprises (SMEs) and individuals seeking housing loans as one of its most important social missions.

SuMiTB took steps to further enhance its financial intermediary function and established a basic policy on the facilitation of financing. This was to ensure prompt and appropriate responses to requests from SMEs and housing loan clients for various consultations, restructuring of loan repayment conditions, etc.

The bank facilitates financing operations through a system at branch offices to provide prompt and appropriate responses to clients' consultations about, or requests for, the restructuring of loan repayment conditions and other matters, and through a system at the head office to fully grasp the branch office support activities. The bank

also responds to clients' requests for consultation and complaints through a toll-free telephone number as well as at branch offices.

The Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. expired on March 31, 2013. Even so, the Group will continue providing appropriate and proactive financial intermediary services to facilitate the business activities of SMEs and to help housing loan clients enjoy a stable lifestyle. Also, when there are consultations about, or requests for, the restructuring of loan repayment conditions, etc. from clients who have been directly or indirectly affected by the Great East Japan Earthquake, the Group endeavors to respond in a flexible and appropriate manner, taking into account each client's circumstances.

Number of Loan Claims which Requested Restructuring of Loan Conditions, etc.

(In the case of SMEs)

(Unit: case)

	End of June 2013	End of September 2013	End of December 2013	End of March 2014	End of June 2014	End of September 2014
Number of loan claims for which restructuring of loan conditions, etc. was requested	3,351	3,537	3,676	3,835	3,950	4,086
Of which, number of loan claims regarding implementation	3,088	3,248	3,397	3,539	3,659	3,772
Of which, number of loan claims regarding refusal	46	59	63	64	73	73
Of which, number of loan claims under examination	68	58	34	43	23	41
Of which, number of loan claims regarding withdrawal	149	172	182	189	195	200

* As of the end of September 2014, the figures include claims regarding trust accounts as follows.

Request: 1, Implementation: 1, Refusal: 0, Under examination: 0, Withdrawal: 0

Claims regarding trust accounts refer to loan claims for which SuMiTB received requests for restructuring of loan conditions, etc. from clients among those entrusted to SuMiTB from other financial institutions, etc. for securitization and other purposes. SuMiTB, a trustee, responds to them based on judgments by multiple people involved in trusts pursuant to the provisions of trust agreements.

Number of Loan Claims which Requested Restructuring of Loan Conditions, etc.

(In the case of housing loan clients)

(Unit: case)

	End of June 2013	End of September 2013	End of December 2013	End of March 2014	End of June 2014	End of September 2014
Number of loan claims for which restructuring of loan conditions, etc. was requested	3,644	3,822	4,010	4,191	4,370	4,557
Of which, number of loan claims regarding implementation	3,012	3,154	3,289	3,425	3,577	3,729
Of which, number of loan claims regarding refusal	42	45	53	58	66	69
Of which, number of loan claims under examination	88	80	76	91	82	84
Of which, number of loan claims regarding withdrawal	502	543	592	617	645	675

* As of the end of September 2014, the figures include claims regarding trust accounts as follows.

Request: 475, Implementation: 403, Refusal: 12, Under examination: 3, Withdrawal: 57

Claims regarding trust accounts refer to loan claims for which SuMiTB received requests for restructuring of loan conditions, etc. from clients among those entrusted to SuMiTB from other financial institutions, etc. for securitization and other purposes. SuMiTB, a trustee, responds to them based on judgments by multiple people involved in trusts pursuant to the provisions of trust agreements.

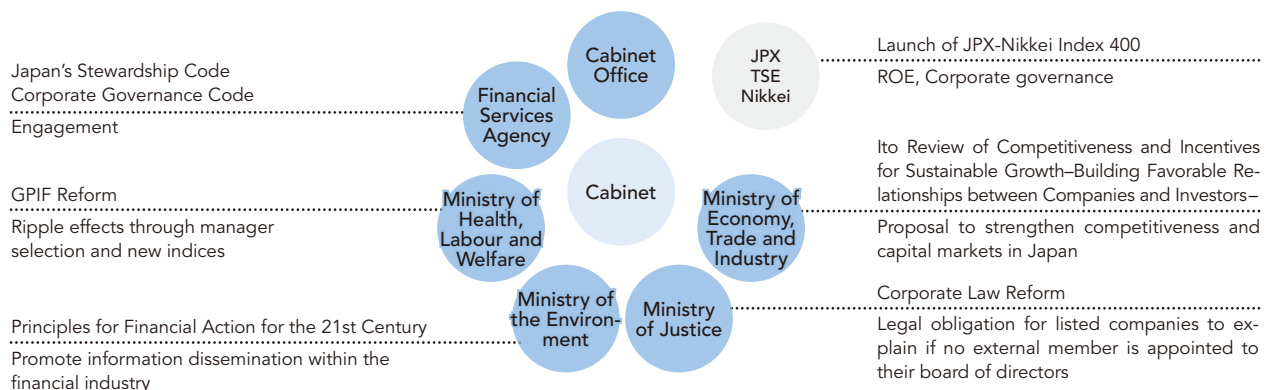
ESG-themed Initiatives in Our Asset Management Businesses

Capital Market Reform as Part of the Growth Strategies of Abenomics

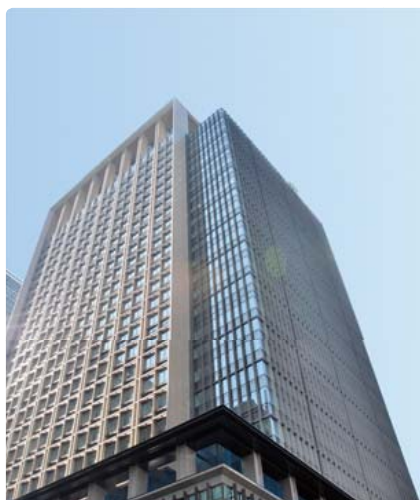
The Japanese government has been committed to a national effort to drive speedy capital market reform since the Abe administration came to power in December 2012. Each ministry and agency is implementing relevant policies in each area of responsibility in coordination with counterparts. The final goal of the capital market reform is to create a virtuous economic cycle by improving ROE and corporate governance at companies, for which various measures have been adopted.

Capital Market Reform Measures Conducted by Each Ministry

The Japanese government is working on capital market reform nationwide, with ministries working together with elected officials on implementation.



Who is the Asset Management Company SuMiTB?



Largest Japanese Asset Manager

AUM of USD 497 billion (as of June 30, 2014)

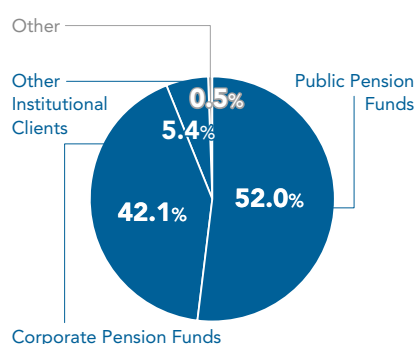
Leading Asian Asset Manager

- A subsidiary of Sumitomo Mitsui Trust Holdings, Inc. (code: 8309), the largest trust bank in Japan, also offering retail and wholesale financial services, and real estate services
- Growing global client base as well as expanding global fiduciary capabilities

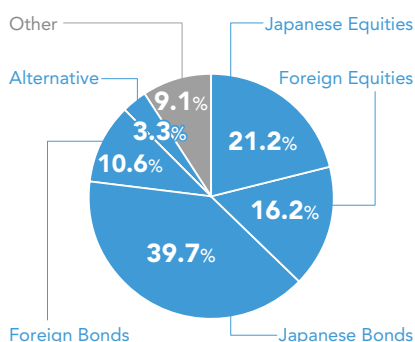
Breakdown of Asset Under Management

We have the largest asset under management sourced in Asia. The majority of our clients are prominent public pension funds and corporate pension funds in Japan. Our total AUM as of June 30, 2014 was USD 497 billion, of which USD 105 billion was invested in Japanese equities.

Our AUM from international investors is increasing, and we primarily provide them asset management and property investment services. This booklet mainly introduces our commitment to responsible investment in the asset management of the Fiduciary Services Business.



Client Type	USD bln	Weight
Public Pension Funds	258	52.0%
Corporate Pension Funds	209	42.1%
Other Institutional Clients	27	5.4%
Other	3	0.5%
Total	497	100.0%



Asset Class	USD bln	Weight
Japanese Equities	105	21.2%
Foreign Equities	80	16.2%
Japanese Bonds	197	39.7%
Foreign Bonds	53	10.6%
Alternative	16	3.3%
Other	45	9.1%
Total	497	100.0%

Data source: Sumitomo Mitsui Trust Bank (as of June 30, 2014)

SuMiTB's Commitment to ESG as an Asset Management Company

Equity Analysts at SuMiTB

Framework

The Investment Research Department at Sumitomo Mitsui Trust Bank (SuMiTB) has many analysts with over 10 years of experience that thoroughly covers all sectors. They conduct well over 10,000 interviews a year. Having consolidated the functions of the credit analyst team since 2014, the department has a research framework that pursues synergy effects from multifaceted viewpoints such as macro, micro, equity and debt.

ESG Activities by Equity Analysts

Main driver of the engagement activities

Through signing Japan's Stewardship Code, we will be performing the engagement activities in a more systematic way than in the past, and the main driver in these activities will be the analysts. Analysts engage in quality dialogue with companies for sustainable growth from the perspectives of both business and governance, based on profound understanding of the companies or sectors they manage. We will enhance medium- to long-term investment returns by giving feedback on what has been discussed with fund managers.

ESG integration

In 2014, SuMiTB launched an ESG integration that applies the ESG evaluation process to active funds, capitalizing on the insights earned through the management of RI (responsible investment) funds over the past ten years. Specifically, analysts assign ESG ratings with qualitative evaluation to each investing stock, by taking into account the dialogue with management, and an intra-sector comparison on the basis of external data. Fund managers utilize these measures when making investment decisions.

Four Pillars of SuMiTB's Initiatives

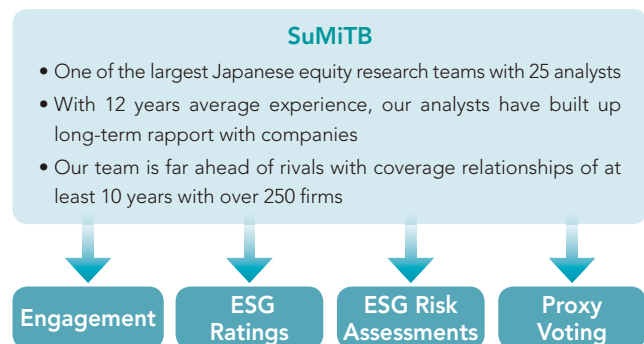
SuMiTB's ESG initiatives in asset management comprise the Four Pillars, namely engagement, ESG ratings, ESG risk assessment, and the exercise of voting rights.

We are working on our initiatives through capitalizing on the insights of fund managers and analysts into ESG accumulated through more than ten years experience of operating RI (responsible investment) funds. We also rely on company research, analysis and qualitative evaluations by one of Japan's largest teams of analysts who specialize in Japanese equities. We have outsourced basic ESG-related research and assessment on companies to The Japan Research Institute, one of the leading think tanks in Japan. For engagement, we will be enhancing the framework by utilizing the insights available from an external collaborative investing institution (Misaki Capital Inc.), in addition to using our own internal framework.

SuMiTB's Efforts

—Four Pillars for Exerting Influence on Japanese Companies

- Established a structure supporting the entire Japanese economy via asset management functions
- Using Four Pillars, SuMiTB influences Japanese firms to change



(as of October 31, 2014)

Our ESG Engagement Policy

SuMiTB has introduced policies to actively engage investee companies in the belief that providing solutions to environmental, social and governance (ESG) issues so as to develop a sustainable society will contribute to upholding the best interests of the ultimate beneficiaries who entrust their assets to us. This policy is illustrative of the issues and actions that serve as criteria for ESG engagement from the perspective of an asset management company.

SuMiTB's Actions with Respect to Environmental and Social Issues

- We require investee companies to address environmental and social issues global, in line with the social good.
- In the event of a non-humanitarian act or other violations of the standards of conduct set out in the United Nations Global Compact, we dialogue with the investee companies that committed the violation to request improvement.

Our Actions with Respect to Governance Issues

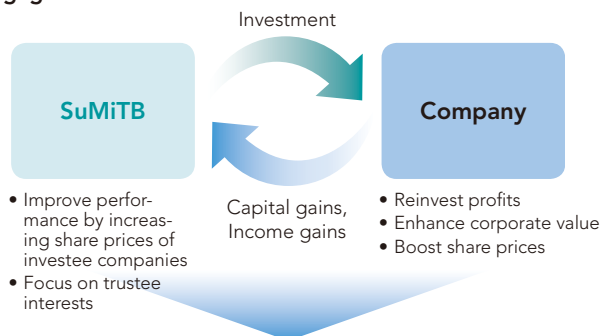
- If it is determined that management discipline at investee companies is not working in the interests of shareholders as a whole, we urge the investee companies to adopt internal governance measures to improve management discipline.
- In the event of management misconduct, such as violations of the law causing impairment to shareholder value, we exercise our voting rights in a way that clarifies management's responsibility and ensures the maintenance of legal compliance. Furthermore, we assess compensation systems in which management shares with shareholders the benefit of increasing shareholder value over the medium- to long-term, while demanding from investee companies active disclosure and accountability that serves the interests of investors.

Our Policies on Initiatives for Domestic Companies

Engagement Activities Based on Japan's Stewardship Code

In February 2014, Japan's Stewardship Code was introduced by the Financial Services Agency. The Code is intended to help institutional investors achieve expansion of medium- to long-term investment returns by promoting greater corporate value and sustainable growth through "purposeful dialogue" (i.e. engagement) with companies. SuMiTB had already been engaged in this type of initiatives, but we developed a framework for shifting to a more systematic operation, taking advantage of the Code's introduction. SuMiTB's approach in engagement aims at enhancing the corporate value of investee companies by providing them with motivation by giving opportunities to consider and awareness of (expression of opinions) better management. Engagement shall be carried out by one of Japan's largest teams of analysts who specialize in Japanese equities. Utilizing their own insights, they will conduct quality dialogue with investee companies focusing on their management challenges. Another advantage of SuMiTB is its trusting relationships with companies, which have built up over the years.

Engagement Activities



Sustainable growth of the Japanese economy

Stewardship Engagement Committee

1. The Committee shall be established to deal with engagement activities. The Asset Management Department has been assigned as the Committee office.
 - (1) Committee members consist of General Managers of the following departments: Investment Research Dept., Asset Management Dept., Passive and Quantitative Investment Dept., and the Equity Investment Dept. The General Manager of the Fiduciary Risk Management Dept. shall participate in, and monitor Committee meetings, and evaluate the suitability of its activities.
 - (2) The General Manager of the Investment Research Department shall chair the Committee and make any important decisions.
2. The Committee shall discuss the following matters:
 - (1) The content of engagement activities in accordance with "Guidelines on Japan's Stewardship Code", amendments and/or withdrawals of guidelines, and any other significant matter concerning engagement activities.
 - (2) The suitability of engagement activities based on the monthly report from the Investment Research Department

Stewardship Activities

SuMiTB agrees with and accepts the Principles for Responsible Institutional Investors <Japan's Stewardship Code>. Accordingly, we have established Responsibility Policies at SuMi TRUST for Stewardship Code and Policies Responding to the Principles of the "Japan's Stewardship Code" to comply with the Code.

Responsibility Policies at SuMi TRUST for Stewardship Code

Institutional investors are entrusted with stewardship responsibilities to aim to increase beneficiaries' medium-to-long-term investment returns by enhancing the corporate value and facilitating sustainable growth of portfolio companies through engagement with constructive purposes. Based on the principles of Japan's Stewardship Code, SuMiTB works to understand companies' operations and exercise engagement as well as voting rights with the aim of contributing to further raising corporate value.

Policies Responding to the Principles of the "Japan's Stewardship Code"

1. We fulfill our stewardship responsibilities based on the "Sumitomo Mitsui Trust Bank's Policies Responding to the Stewardship Responsibilities." (Principle of "Japan's Stewardship Code" (hereinafter referred to as SSC Principle 1))
2. We manage conflicts of interest in fulfilling our stewardship responsibilities based on the "Conflict of Interest Management Policies." (SSC Principle 2)
3. We monitor investee companies so that we can appropriately fulfill our stewardship responsibilities with an orientation towards the sustainable growth of the companies. (SSC Principle 3)
4. We seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies. (SSC Principle 4)
5. With a view to contributing to the sustainable growth of investee companies, we exercise voting rights based on the "Sumitomo Mitsui Trust Bank's Philosophy on the Exercising of Voting Rights," and aggregate and publicly disclose the voting records once or more a year. (SSC Principle 5)
6. We report periodically on how we fulfill our stewardship responsibilities, including our voting responsibilities, to our customers and beneficiaries. (SSC Principle 6)
7. To contribute positively to the sustainable growth of investee companies, we develop skills and improve arrangements needed to appropriately engage with the companies and make proper judgments in fulfilling our stewardship activities based on in-depth knowledge of the companies and their business environments. (SSC Principle 7)

Engagement Guidelines at SuMi TRUST

SuMiTB shall exercise engagement based on the SSC Principle 3 and 4, written on the left, as well as the below Guidelines.

1. We, as a responsible institutional investor, shall engage with companies with the view to enhance corporate values and encourage sustainable growth subject to "Japan's Stewardship Code" to which we have announced our commitment, in order to enhance long term investment returns for our beneficiaries and clients. Our analysts at the Investment Research Department will engage directly with companies.
2. The targeted companies are included in all domestic equity portfolios including active and passive products. For efficiency purposes, we have prioritized companies in our active portfolios. Our prime focus will be on companies involved in corporate scandals, with corporate governance issues and significantly low ROEs.
3. As it is imperative to understand the exact nature of the situation and status, we shall make every effort to study and understand the governance, capital structure, business strategy and risk management of companies prior to any engagement.
4. We are mindful not to obtain any material or insider information. Where there are risks of exposure, we will abide by our internal guidelines and procedures accordingly.
5. We shall engage primarily with company management. Through an all-encompassing engagement process, we shall build trust and share our views on issues concerned.
6. Our comments and opinions given during engagement shall be approved in advance by the General Manager of the Investment Research Department. The General Manager shall assess whether they are relevant and contribute to value creation and/or sustainable growth of the company. Moreover, they must not be deemed "acts of making an important proposal" as defined in the Financial Instruments and Exchange Law. All comments made by both SuMi TRUST and the company shall be briefly and transparently documented. Furthermore, we shall monitor through publicly available information, the effectiveness of engagements by subsequent corporate actions taken.
7. Engagement activities shall initially be reported to the "Stewardship Engagement Committee" and shall be appropriately reported to beneficiaries and clients.

Engagement Activities with Overseas Companies

ESG Monitoring and Engagement

SuMiTB is conducting engagement with related organizations on the specific agendas stated in the ESG engagement policy. In addition, SuMiTB has established the ESG Monitoring Committee chaired by the General Manager of the Asset Management Department, for thoroughly keeping everyone up to date and for monitoring situations.

Engagement with Companies with Links to Anti-personnel Mines and Cluster Bombs

The issues of anti-personnel mines and cluster bombs are being addressed on an international level and from a humanitarian point of view. These weapons disrupt the maintenance of peace and stability as well as restoration and development in affected regions. Accordingly, the Ottawa Convention (1999) on the prohibition of anti-personnel mines and the Oslo Convention (2010) on cluster bombs have been enforced in Japan. The global fund management industry, meanwhile, is increasingly acting to cut off financial support to related companies by stopping

investment in them in addition to discouraging production of these weapons.

In line with the above trend, SuMiTB basically excludes companies that manufacture anti-personnel mines and cluster bombs* from the portfolio of active management products. For companies involved in making such weapons that are held in our passive management products, we are encouraging them through engagement activities to suspend the manufacture of these weapons.

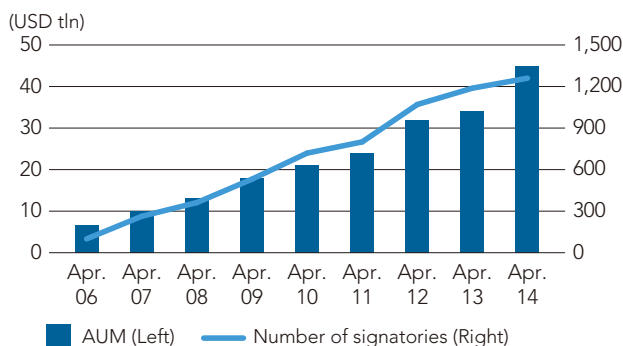
* On the basis of a list of companies prepared by Dutch NGO IKV Pax Christi in the report "Worldwide Investments in Cluster Munitions: a shared responsibility."

Rise in the Number of PRI Signatories and Engagement

Recently, the investment community increasingly sees environmental, social and governance (ESG) issues on a global basis. The number of institutional investors who became signatories of Principles for Responsible Investment (PRI) and the total AUM are steadily increasing. PRI offers a clearinghouse service where signatories can collaborate in managing engagement (dialogue) with ESG themes, and the number of offering is also rising.

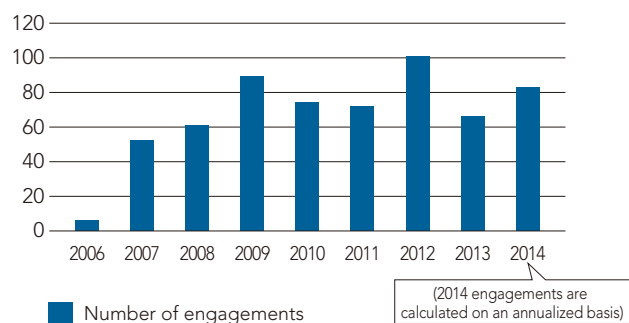
Since the Group became a PRI signatory in 2006, it has played a leadership role in Japan's asset management industry in actively addressing ESG issues, such as leading joint engagement relating to water risks with overseas institutional investors in the PRI clearinghouse.

Growth in PRI signatories and the total AUM



Source: PRI

Number of engagements per year through the PRI Clearinghouse



Source: PRI, Sumitomo Mitsui Trust Bank

Introduction of ESG Ratings

ESG Evaluation for Management

ESG Evaluation in Active Management

SuMiTB's analysts evaluate the level of commitment to ESG at each company and assign ESG ratings by a three-grade assessment system based on the intra-sector relative comparison. With more than 10 years experience in managing RI (responsible investment) funds, SuMiTB's analysts have a high level of sensitivity toward ESG, and are thus capable to evaluate based on the reality of Japanese companies. For basic research, SuMiTB utilizes external data available primarily from The Japan Research Institute.

With respect to the rationale for ESG ratings and the reasons behind changes, analysts are sharing information with fund managers on a timely basis.

As for companies with poor ESG ratings, the analysts request those deemed to have particularly serious problems to make improvements through engagement activities.

ESG Ratings

- Launched in 2014, utilizing insights and know-how based on over 10 years experience with RI funds, aiming at ESG-conscious stock selection
- Applying to active Japanese equity funds

Basic research by The Japan Research Institute—ESG Score

Assigning scores in the categories of E (environment), S (social) and G (governance) to companies in each sector, based on the understanding of SuMiTB's philosophy
Research through surveys to companies, CSR reports, checking media coverage, interviews, etc.

Qualitative evaluations by analysts of SuMiTB

Capitalizing on the insights gained from in-depth interviews with top management and IR staff, as well as research and analysis over the years SuMiTB's analysts are capable of making evaluations based on the reality of the Japanese companies.

ESG ratings

Our Initiatives in ESG Risk Assessment

Our Initiatives in the Risk Assessment Related to ESG

SuMiTB has launched an initiative in which highly relevant global ESG issues are identified in each sector, whereby potential ESG risk associated with each stock in the respective sector is grasped. The objective is to prepare against the downside risk in events related to ESG.

Under this initiative, we conduct monitoring as appropriate that reflects irregular risks whenever they arise.

We will confirm the stable operation of the initiative in RI (Responsible Investment) strategy. We are expecting this initiative to be applied to other products in the future.

- Global framework to identify and analyze 40 ESG issues
- Our assessments reflect irregular risks as they materialize, with monitoring as needed
- Employed as a way to engage with our investee companies



(as of October 31, 2014)

Our Flagship RI (Responsible Investment) Strategy for Japanese Stocks

Three Steps for Our RI Fund

Flagship RI Fund for Japanese Stocks

The flagship RI fund for Japanese stocks is one of the oldest responsible investment funds in Japan, having been managed since 2003. Its stock selection focuses on ESG, and its degree of contribution to the improvement of financial returns. Its distinguishing features are its insights of SuMiTB's RI fund management team along with basic research by The Japan Research Institute.

1.The Japan Research Institute Chooses "Best-in-class" for RI Universe

The Japan Research Institute, one of the most influential think tanks in Japan, conducts a survey covering 2,000 companies to select "best-in-class" companies as candidates for the RI universe.

The evaluation criteria consist of E (environment), S (social), G (governance) and V (Value). V has been adopted as a new criterion from the previous fiscal year to evaluate the contribution of ESG initiatives to a company's business growth.

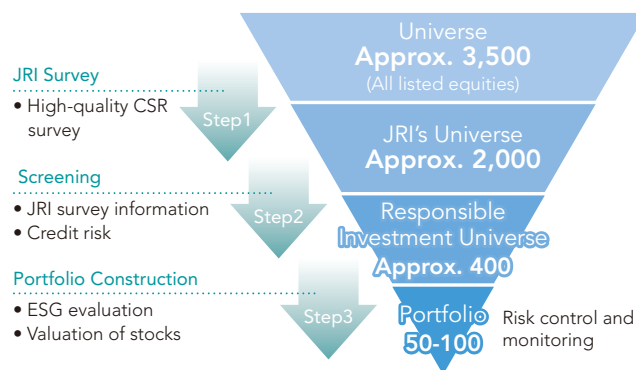
2.SuMiTB Investment Team Selects Our RI Universe Candidates

We exclude companies with high credit risks from The Japan Research Institute list of RI candidates. Our monthly committee chaired by the General Manager of Equity Investment Department decides candidate stocks for our RI universe.

3.SuMiTB Portfolio Managers Choose Stocks

Our portfolio managers choose stocks from among our RI universe based on 1) assessment of ESG-associated potential risks and evaluation of a company's business growth created through its ESG efforts, and 2) equity evaluation methods of valuation and earnings momentum derived from the earnings forecasts of our Japanese stock analyst teams. We seek to achieve an excess return versus the benchmark TOPIX.

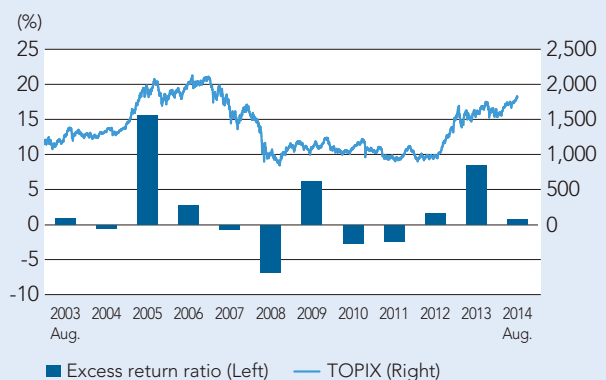
Investment Management Process



Source: Sumitomo Mitsui Trust Bank, Ltd. (as of June 30, 2014)
JRI: The Japan Research Institute

Performance of Our RI Fund

The chart below shows the cumulative excess return rate and TOPIX return since the launch of the flagship RI fund. Since the Abe administration came to power at the end of 2012, the Japanese stock market has performed solidly. We expect this trend to continue, on the back of positive factors including improvement in corporate performance and the government-sponsored capital market reform. In addition, the environment is becoming increasingly favorable for this fund as Japanese companies are becoming more and more ESG-conscious.



Our RI Product Line-up (Investment Trusts)

SRI Japan Open (Good Company)

The SuMiHD Group launched Japan's first RI fund aimed at corporate pension funds in 2003 (flagship RI fund). Using the same RI approach, the "Good Company" mutual fund targets a wide variety of investors, including individuals, and is now regarded as one of Japan's standard-setting RI funds.

The Good Company fund strictly screens for and invests in companies with proactive ESG initiatives aimed at enhancing corporate value. It aims to achieve excess returns compared to the performance of its benchmark, the Tokyo Stock Price Index.

(Investment Manager: Sumitomo Mitsui Trust Asset Management)



China Good Company

The "China Good Company" fund is a RI fund that applies the same methodology as the Japanese flagship RI fund to Chinese stocks. The fund is attracting the attention of US and European investors as the world's first Chinese RI fund developed by an investment manager not owned by a Chinese financial institution (established in 2010).

For stock selection, we draw on Japan Research Institute's ESG surveys and research, and we are working with Business for Social Responsibility (BSR), a US-based CSR consultant, to build a structure to gather any negative information about target companies in a timely manner.

(Investment Manager: Sumitomo Mitsui Trust Asset Management)



World Bank Bond Fund

Nikko Asset Management, a group company, developed this fund together with the World Bank in 2010. More than 30% of its portfolio is in green bonds, a fixed income instrument issued by the World Bank. Funds raised with green bonds are in principle used for lending to projects that address climate change in developing countries. This fund is thus recognized globally as a fund through which its investors can feel they are making a social contribution.

(Investment Manager: Nikko Asset Management)



Biodiversity Fund for Supporting Companies

Biodiversity refers to "a wide range of species and creatures" and "the connections among them." The Biodiversity Fund for Supporting Companies invests in Japanese companies that actively commit themselves to biodiversity conservation and sustainable use of biodiversity-reliant resources using the family-fund method. SuMiTB is an advisor on management of the mother fund.

Few US and European investment funds focus on biodiversity, so this fund is attracting attention in the global investment community.

(Investment Manager: Sumitomo Mitsui Trust Asset Management)



Our Philosophy on the Exercise of Voting Rights

SuMiTB exercises proxy voting rights as a step and a method to make an investee company's management appreciate the significance of governance based on shareholder value, and to act in compliance with this precept.

Basic Policy on the Exercise of Voting Rights

In view of the importance of corporate governance, SuMiTB decides its basic policy on the exercise of voting rights to ensure that the exercise of these rights can make the management of investee companies respect the interests of and maximize long-term benefits for shareholders and ultimately benefit customers.

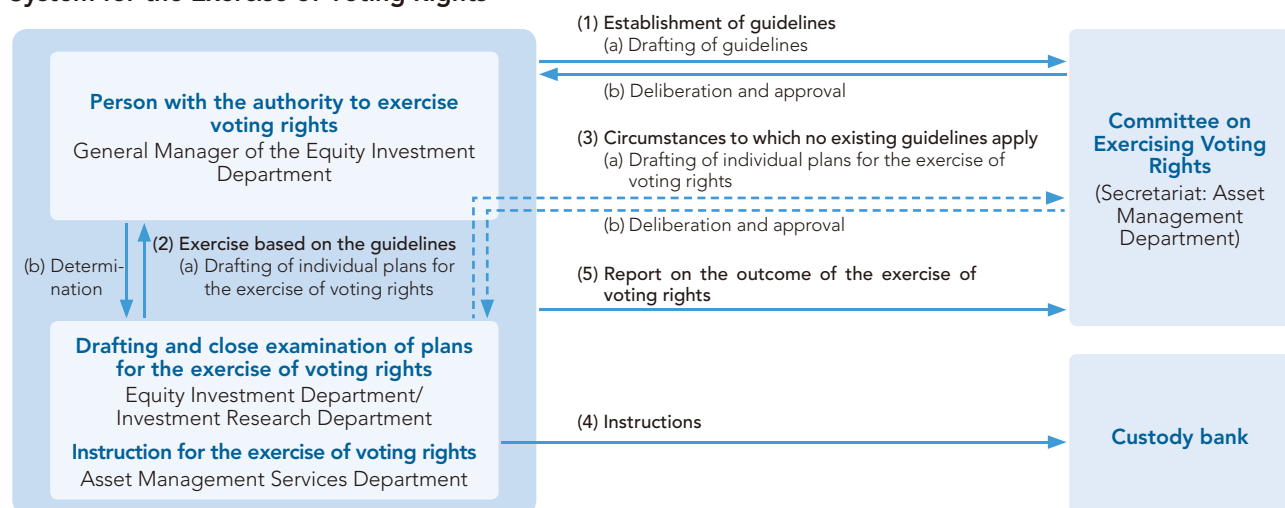
Corporate Governance System and Investment Criteria

We believe that the management policies and decisions of a company should be made not just to reflect the interests of shareholders but should also be based on the reconciliation of interests among various stakeholders including employees, creditors and clients. As such, we believe that a company's management must actively develop sound corporate governance systems that respect the interests of shareholders, in which efficient utilization of shareholders' equity and proactive disclosure to stakeholders are realized. The status of a corporate governance system in this broader sense can be a form of investment criterion. Whenever we find companies in our portfolio that do not pay sufficient heed to shareholder interests, we offer them guidance so that they pay proper attention by indicating our intention through the exercise of voting rights.

Our Policies on Misconduct or Anti-social Behavior

We regard misconduct or anti-social behavior by an investee company or its management to be a serious breach of corporate governance, and we endeavor to exercise voting rights in a way that improves the effectiveness of the company's corporate governance.

System for the Exercise of Voting Rights



A View to Strengthening Corporate Governance Systems

We focus on communication with investee companies and to have dialogue on the development and improvement of their corporate governance systems. On this basis, our analysts who are familiar with companies' situations examine what methods would be most effective in encouraging companies to strengthen their corporate governance systems, with a view to maximizing the interests of shareholders through a range of contacts with those companies.

Our Philosophy on the Exercise of Voting Rights

An internal system for the exercise of voting rights has been in place since 2000. We have started checks in qualitative aspects including whether investee companies are involved in any corporate misconduct, as well as quantitative aspects based on performance evaluation criteria. In 2004, we formulated criteria for the exercise of voting rights with respect to the independence of outside directors, ahead of other asset management companies in Japan. SuMiTB is deciding and exercising its voting rights based on its proprietary criteria, in an effort to improve corporate governance at the investee companies.

Status of Exercise of Voting Rights by Category of Proposal

Our track record on the exercise of voting rights for domestic shares at general meetings of shareholders held in the period from July 2013 to June 2014 is as follows.

1. Proposals Made by Investee Companies

	Approving votes	Dissenting votes	Abstention	Blind trust	Total
Appropriation of surplus, etc.	1,399	48	1	0	1,448
Appointment of directors	1,368	409	1	0	1,778
Appointment of corporate auditors	1,231	203	1	0	1,435
Partial amendment to Articles of Incorporation	574	12	0	0	586
Payment of retirement benefits	178	114	0	0	292
Revision of compensation for officers	356	13	0	0	369
Issuance of share warrants	100	48	1	0	149
Appointment of independent auditors	33	0	0	0	33
Matters related to reorganization strategies ^{*1}	41	0	0	0	41
Other proposals by the company ^{*2}	189	32	0	0	221
Of those related to measures to deflect hostile takeovers, etc.	141	32	0	0	173
Total	5,469	879	4	0	6,352

*1 Merger, transfer or acquisition of business, share exchange, share transfer, company split, etc.

*2 Purchase of treasury stock, reduction of statutory reserve, capital increase by allocation of new shares to a third party, capital reduction, consolidation of shares, measures to deflect hostile takeovers, etc.

2. Proposals Made by Shareholders

	Approving votes	Dissenting votes	Abstention	Blind trust	Total
Total	0	154	0	0	154

Global Collaboration and Educational Activities

Doing Our Part to Develop a Global RI (Responsible Investment) Market

All of our group companies are PRI signatories, and we have co-chaired the PRI Japan network since 2010. In September 2014, at the annual PRI conference held in Montreal, Canada, we introduced our activities in Japan.

The SuMiHD Group is also a member of the Global Compact Japan Network (GC-JN), an organization in which UN Global Compact signatories in Japan participate. We have co-chaired the "SRI subcommittee" along with Daiwa Institute of Research and Daiwa Securities since 2011, and held a number of seminars. We will continue to distribute information related to responsible investment widely through a range of channels such as seminars, ESG case studies and investor information services, which are a part of securities services operations.



Participating in ICGN Conference in Tokyo

The International Corporate Governance Network (ICGN) conference in Tokyo took place on March 3 and 4, 2014, under the auspices of Japan Exchange Group, Inc. The ICGN is a non-profit organization formed by institutional investors, who are its main members. Since its establishment in 1995, it has developed as a global organization made up of leaders in corporate governance. It now has approximately 600 members, including many global investors.

In addition to supporting the conference as a main sponsor, SuMiTB also participated in a panel discussion on the first day of the conference.



Participating in RI Asia Annual Conference

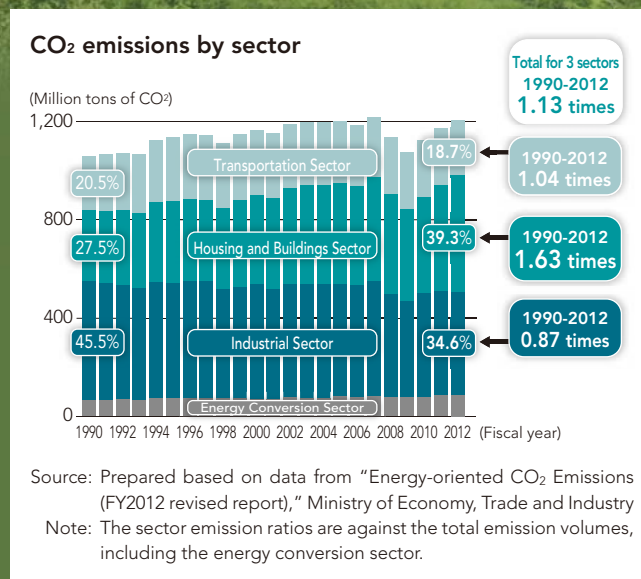
An annual conference of Responsible Investor (RI) Asia took place in Tokyo for the first time on March 5 and 6, 2014. The conference features socially responsible investment and is held annually in the United States, Europe and Asia. Lectures and panel discussions covered global forecasts on sustainable corporate growth, responsible investment and ESG investment. In addition to supporting the conference as a sponsor, SuMiTB also participated in a panel discussion.



ESG-themed Initiatives in Our Real Estate Businesses

Environmentally friendly property addresses issues such as climate change and loss of biodiversity by taking the environment into account through energy-saving design, renewable energy use, water resources protection, longer building life spans, recyclable material use, habitat conservation and creation, indoor environment improvements and other measures. These features translate into enhanced environmental performance such as reduced energy consumption, lower CO₂ emissions, and less water usage as well as greater adoption of renewable energy and recycled materials, and restoration of biodiversity.

In the Group's view, these initiatives not only yield the direct benefits of energy savings and lower maintenance costs, but also help attract corporate tenants that are keenly aware of environmental issues and put a



high value on improving intellectual productivity. We thus believe this approach leads to highly profitable and stable businesses that make effective use of real estate.

Visualizing Added Value in Environmentally Friendly Property

Added Value of Environmentally Friendly Property

It is often said environmental friendly property “costs more than usual and is difficult to invest in,” but price theory in real estate investment suggests such buildings are able to generate added value equal to or greater than their additional cost.

From the perspective of profitability (how much and how long do properties generate steady profits), a property's price derives from net income (revenue minus costs) divided by the real estate capitalization rate. The greater gross income including rents is, and the lower the costs of utilities, maintenance, and building management are, the higher net income is, and so the higher the price valuation of a property. In addition, stable properties with less income fluctuation risk are awarded higher valuations as investors require a lower yield from them.

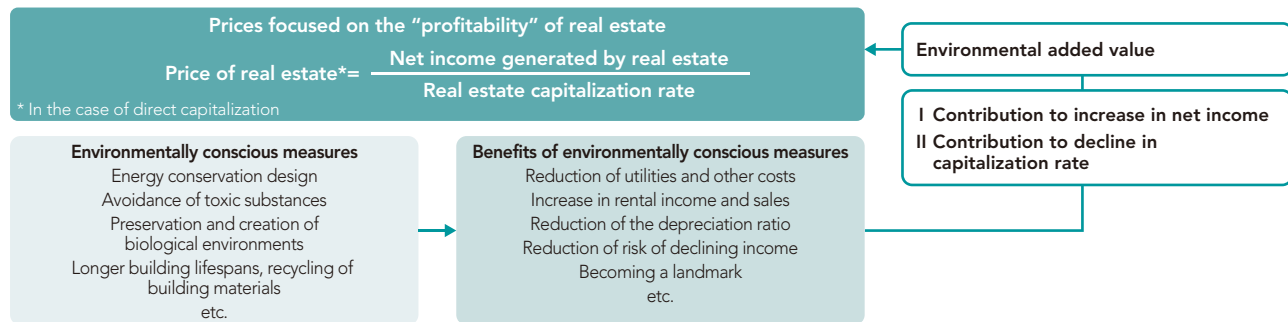
Environmentally friendly property can earn higher net income by reducing utility expenses via energy savings and

maintenance and operating expenses via the enhanced durability of parts and materials. Furthermore, such buildings can also generate higher gross income on higher rents stemming from higher productivity enabled by their enhanced office environments and the cachet boost from their environmental credentials.

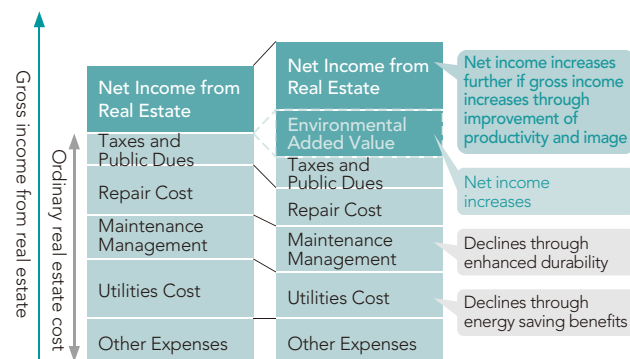
Furthermore, environmentally friendly property is less exposed to future environment-related tax hikes or tougher regulations, so the capitalization rate for such buildings factors in less environmental risk. A lower depreciation rate resulting from a longer life span as well as enhanced appeal as environmentally friendly can also lower the capitalization rate.

For the reasons above, Sumitomo Mitsui Trust Bank (SuMiTB) believes that environmentally friendly property will realize added value.

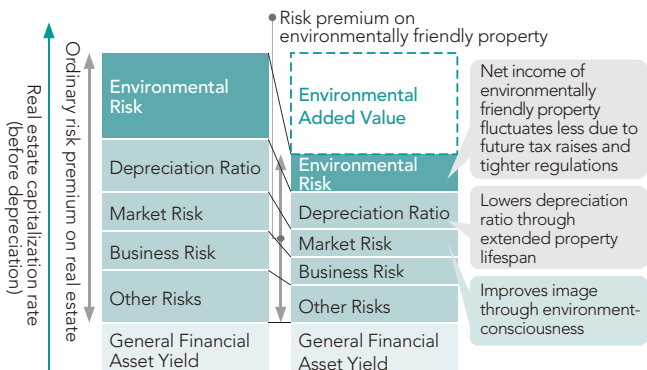
Conceptual diagram of environmental added value (1) Prices focused on the “profitability” of real estate



Conceptual diagram of environmental added value (2) Reflection in net income



Conceptual diagram of environmental added value (3) Reflection in capitalization rate



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

Our Business Lineup in Environmentally Friendly Property

1 Environmentally Friendly Construction Consulting

To promote the introduction of environmentally friendly property, SuMiTB provides environmentally friendly construction consulting services where we advise on the installation of energy-saving systems into buildings, ways to take into account landscapes and ecosystems, extension of building life spans, and adoption of recycling systems.

As interest in environmental issues has grown, so has the number of properties applying for CASBEE®* certification or voluntary evaluation in the past several years. In fiscal year 2013, the new office-cum-research center of Daikin Industries,

Ltd., Osaka Prefecture, and the multi-tenant building of Hiroshima Mazda, Hiroshima Prefecture, in a large-scale renovation project, were properties for which we were consultants. These buildings have been selected by the Ministry of Land, Infrastructure, Transport, and Tourism (MLIT) as “leading projects for promoting CO₂ reduction” program for housing and buildings. (For the MLIT program, please see p62.)

* The comprehensive assessment system for built environment efficiency (CASBEE) certification is an environmental performance evaluation system for buildings being developed and promoted in Japan under the guidance of MLIT.

Examples: Environmentally friendly construction consulting

Company Name	Location	Use	Number of Floors	Floor Area	Target Rank
Clarion	Saitama Prefecture	Headquarters office and research center	10 floors above ground, 1 rooftop floor	Approx. 19,000 m ²	A (certification completed)
Yachiyo Bank	Tokyo	Central branch*	9 floors above ground	Approx. 7,700 m ²	S (certification completed)
Chuo Labour Bank	Tokyo	Central branch	1 basement floor, 9 floors above ground, 2 rooftop floors	Approx. 6,000 m ²	A (voluntary evaluation)
	Kanagawa Prefecture	Office	1 basement floor, 7 floors above ground, 1 rooftop floor	Approx. 10,000 m ²	B+ (application)
AEON MALL	Tokyo	Commercial facility	5 floors above ground	Approx. 150,000 m ²	A (certification completed)
FUJI	Ehime Prefecture	Commercial facility	3 floors above ground	Approx. 140,000 m ²	B+ (certification completed)
Ito-Yokado	Yokohama City	Commercial facility	4 floors above ground	Approx. 29,000 m ²	B+ (application)
Toyo Seikan Group Holdings	Tokyo	Office*	2 basement floors, 21 floors above ground, 1 rooftop floor	Approx. 72,400 m ²	S (certification completed)
Daikin Industries (see page 62)	Osaka Prefecture	Office, R&D facility*	1 basement floor, 6 floors above ground	Approx. 48,000 m ²	S (voluntary evaluation)
Hiroshima Mazda (see below)	Hiroshima Prefecture	Office*	Renovation project for existing building		

*Selected for subsidies under the MLIT-led “leading projects for promoting CO₂ reduction” program for housing and buildings

Case Study A Renovation Plan for Hiroshima Mazda Otemachi Building

This is a large-scale renovation plan for a tenant building adjacent to the A-Bomb Dome in Hiroshima. Extension work that involved reusing the existing frame was carried out in conjunction with reinforcement of earthquake resistance. In the process, broad eaves, louvers, and a spiral slope (“eco-slope”) were created in the extended section.

The aim was to reduce CO₂ through a combination of functions to enhance energy-saving performance such as solar shading and utilizing ventilation. We also plan to widely demonstrate our CO₂ reduction efforts by making the observation deck and other rooftop areas equipped with broad eaves available to large numbers of tourists.

(selected for subsidies under the MLIT-led “leading projects for promoting CO₂ reduction” program for housing and buildings)



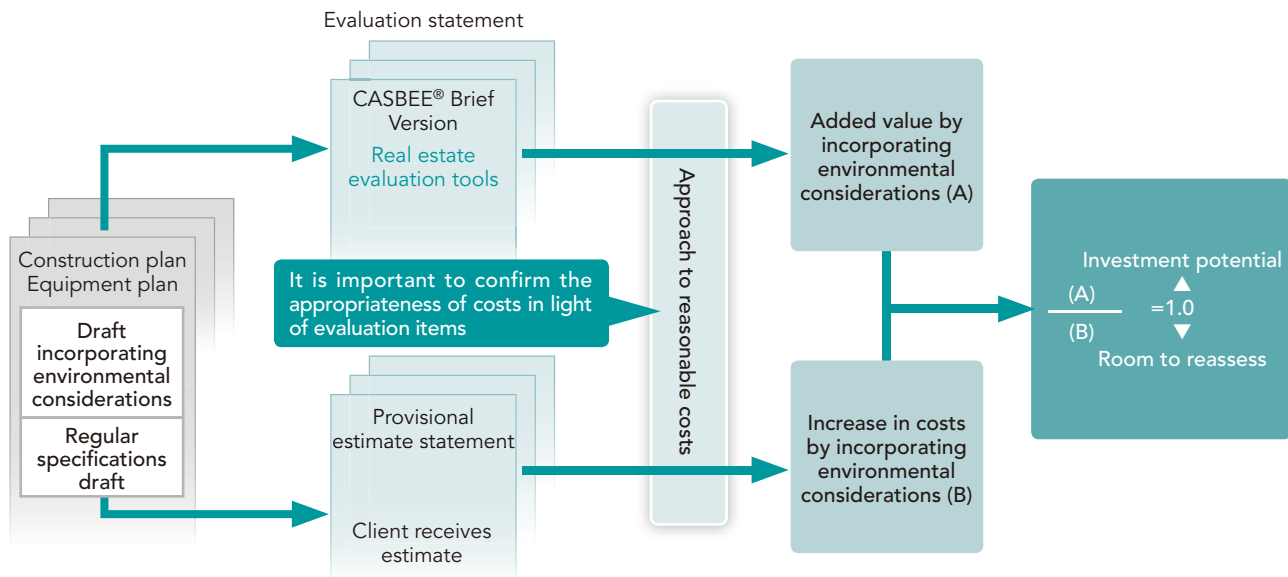
©Sambuichi Architects

2 Consulting on Environmental Added Value

We estimate how much higher environmental performance through construction or renovation can raise property prices as a form of “environmental added value” and offer advice on environmentally friendly design.

We assess qualitative items (image enhancement, risk reduction, etc.) that are not evaluated in the real estate market at present and offer advice, with an eye on future increases in corporate value.

Example: Investment decision method



Initiatives related to “CASBEE for Properties”

CASBEE for Properties (name changed from “CASBEE for Market Promotion” in November 2014) is a system developed for the purpose of promoting widespread use of environmental building performance evaluations in the real estate market. While maintaining consistency with the CASBEE® Standard Version, CASBEE for Properties sharply narrows down evaluation items and takes into account consistency with environmental performance items that are focused on overseas.

As for “CASBEE for Properties,” its use is spreading, especially among real estate companies, REITs, etc. sensitive to sustainability issues, in view of its use in the fiscal 2013 and fiscal 2014 GRESB* surveys.

SuMiTB is a participant in developing CASBEE for Properties as an organizer of a CASBEE subcommittee. We are also engaged in consulting services to support applications for CASBEE for Properties certification. We will continue to provide services that use this system in our business promoting environmental property.

* GRESB (Global Real Estate Sustainability Benchmark): Established in 2009, this is a benchmark that mainly involves a group of major pension funds in Europe. It is aimed to measure sustainability performances in the real estate sector. In fiscal 2014, 28 firms from the Japanese market (including 17 real estate investment companies) are participating in the GRESB survey.

3 Assistance to Help Subsidy Applicants Qualify

What is the “Leading Projects for Promoting CO₂ Reduction” Program?

Leading projects (construction and renovation projects) that show outstanding initiative in CO₂ reduction can apply to a MLIT-led public subsidy program.

The program grants subsidies up to one half of the

budget for construction and other costs of pioneering initiatives. The average per-project subsidy (budget) has trended for a while in the range of 200 million yen.

Recipient projects are announced by MLIT and published on the Building Research Institute website. Recipients can present their projects at the time of selection and completion.

“Leading projects for promoting CO₂ reduction” program for housing and buildings: Number of applications, recipients, and budget amounts

Fiscal year	Applications	Recipients	Budget
	Number of projects	Number of projects	
2008	155	20	5 billion yen
2009	84	33	7 billion yen
2010	91	27	Included in 33 billion yen for projects promoting the environment and use of stock real estate
2011*	74	24	Included in 16 billion yen for projects promoting the environment and use of stock real estate
2012	92	25	Included in 17 billion yen for projects promoting the environment and use of stock real estate
2013	42	21	Included in 17 billion yen for projects promoting the environment and use of stock real estate

* Figures for fiscal year 2011 exclude the third round, a section for specified disaster-afflicted zones. (Source: MLIT)

Our Initiatives Involving the “Leading Projects for Promoting CO₂ Reduction” Program

As part of our environmentally friendly construction consulting, we offer support for projects that seek to qualify for subsidies.

We also provide specialized consulting services to assist in applying for subsidies under the MLIT-led “leading projects

for promoting CO₂ reduction” program for housing and buildings, offering assistance not only in material matters, but also in consulting based on our extensive experience and expertise in building management and the like.

* Our consulting service does not guarantee applicants will be granted subsidies under the “leading projects for promoting CO₂ reduction” program.

Case Study B Daikin Industries Technology Innovation Center

This is a new construction plan that integrates the office and R&D facilities on the existing factory site. This office plan features a high degree of depth, combining such architectural measures as building shapes and differing exterior specifications depending on orientation, and the latest equipment technology such as air conditioning, lighting, and solar power generation. The idea is to make the office zone a ZEB (zero energy building) in the future. We also seek to achieve CO₂ reduction not only in the management of this facility but across a broader sphere by inviting visitors from around the world and making BEMS (building energy management system) data available to designers, technicians, researchers, and other visitors.



4 Consulting on Smart City Projects

1 What is a Smart Community?

A smart community is a regional arrangement of next-generation energy and social systems that combine in multiple ways concepts such as the “coordinated use” of energy, which means effectively using not only electricity but also heat and untapped energy, as well as transformation of regional transport systems and people’s lifestyles (from the website of the Ministry of Economy, Trade and Industry).

To build sustainable cities in the future, what is important from a regional development viewpoint is creating smart towns and smart cities with smart community systems.

To create smart towns and smart cities, environmental and social targets should be clearly set from the basic planning stage. Furthermore, it will be necessary to generate economic added value in response to higher costs.

2 Our Initiatives for Smart Communities

For smart community projects, SuMiTB assists in creating a framework linking environmental and various other initiatives to economic added value and drawing up project plans. In addition, we help the projects succeed through our financial functions such as leases and housing loans.

Case Study C Fujisawa Sustainable Smart Town

The “Fujisawa Sustainable Smart Town” is a project currently being carried out by Panasonic Corporation at the former site of Panasonic’s Fujisawa factory.

Panasonic Corporation, Fujisawa City, and eleven partner companies, including SuMiTB, are collaborating to promote the project, which marked the town’s opening in spring 2014.

We are participating in the project in various capacities. We are designing the smart town evaluation indicators (environmentally friendly property values),

investigating eco-point and town card mechanisms, advancing project-specific product plans for environmentally friendly housing loans, and providing leasing and financing schemes.

This project is also praised for its community-wide comprehensive CO₂ reduction efforts together with town management. It was selected for subsidies under the MLIT-led “leading projects for promoting CO₂ reduction” program for housing and buildings.

Outline of the Fujisawa Sustainable Smart Town evaluation indicators (environmentally friendly property value)



5 Supporting Formation of Environmentally Friendly Property Funds

On October 1, 2013, SuMiTB joined with MLIT and the Real Estate Sustainability & Energy-Efficiency Diffusion (Re-Seed) Association to conclude a “partnership agreement on the amended Real Estate Specified Joint Enterprise Act and program to promote the formation of environmentally friendly, earthquake resistant property.” Under this agreement, we work together with MLIT and Re-Seed to foster use of the program to promote the formation of environmentally friendly, earthquake resistant property* and the amended Real Estate Specified Joint Enterprise Act. We cooperate on matters such as providing information to each other, introducing cases that could benefit from use of the program, and presenting investment opportunities to fund managers.

With our extensive knowledge of real estate services and wealth of experience in environmentally friendly property, we use information supplied by MLIT and Re-Seed to disseminate relevant information to our clients and other stakeholders. We likewise study the commercial potential of each case referred to us based on the information we receive, harnessing the Group’s comprehensive capabilities in areas such as equity arrangements, financing, fund management, asset management, effective-use consulting, and construction consulting as well as serving as a broker for rentals, purchases, and sales.

* Under this program targeting aging, unused or underused real estate, the government supplies risk money as an incentive to attract private investors and bring in private capital and expertise to foster the renovation, rebuilding, and development of high-quality real estate with earthquake resistance and sufficient environmental performance. The program thus advances town-building activities that contribute to local renewal and revitalization as well as measures to mitigate global warming.

Sumitomo Mitsui Trust Bank’s menu of services provided

Services Provided	Business Department	Description/Strengths
Financing arrangements	Real Estate Finance Department	Mezzanine arrangements and supplying financing
Equity arrangements	Real Estate Business Department I	Attracting investors seeking medium- to long-term stable returns in line with the fund concept
Trusts under management	Real Estate Custody Business Department	Verifying eligibility in the event of liquidation, handling due diligence
Brokering sales or purchases of real estate	Real Estate Business Departments	Exit support through disposal activities taking advantage of our wide-ranging channels in Japan and abroad
Fund management/asset management services	Sumitomo Mitsui Trust Real Estate Investment Management Co., Ltd.	Scheme formation capabilities, smooth debt-equity procurement, and arrangements based on our track record and credibility in FM (AM) as a financial institution
Tenant leasing	Real Estate Business Solution Departments	(1) Securing places to relocate existing tenants; (2) Attracting competitive new tenants after rebuilding or development
Construction consulting	Real Estate Advisory Department	Total support, from drawing up plans to verifying business feasibility and management of cost scheduling etc., based on our neutrality as a financial institution
Businesses related to environmentally friendly property	Real Estate Advisory Department	(1) Business plan proposals in sync with government-promoted concepts by formulating environmentally friendly renovation and development plans using CASBEE® etc. (2) Support for fund formation using a global network of real estate investors through the United Nations Environment Programme Finance Initiative Property Working Group (UNEP FI PWG) etc.

Leading Company in Japan's Environmentally Friendly Property Market

As a leading company in environmentally friendly property, SuMiTB has been making various recommendations aimed at developing the market. We are playing a driving role in further spreading environmentally friendly property in Japan, while we actively participate in a range of study groups, committees, and forums in Japan and overseas.

Sustainable Real Estate Study Group

Since 2007, the Group has run the Sustainable Real Estate Study Group, chaired by Professor Tomonari Yashiro (Institute of Industrial Science, University of Tokyo). Subsidized by the Trust Forum Foundation, the study group brings together stakeholders from multiple fields across industry, government, and academia to elucidate mechanisms that factor environmental efforts into market value and examine how to promote them. It engages in a wide range of promotion and awareness-raising activities such as publishing literature and organizing business seminars on sustainable real estate.



Smart City Study Group

Since 2013, the Group has run the Smart City Study Group, also chaired by University of Tokyo Professor Yashiro and subsidized by the Trust Forum Foundation. The group brings together leading experts from various fields across industry, government, and academia to engage in discussion on smart cities, which are attracting worldwide attention as a 21st century urban planning model. The purpose of the discussion is to identify what is required for smart cities to sustain value in the long term and to study related challenges and the direction they are going.

Supporting Creation of Market Foundation for Spread of Environmentally Friendly Property

Since 2008, the Group has participated in MLIT committees for spreading environmentally friendly properties, such as collaboration on setting up the MLIT's Green Building Online Portal and support of organizing the International Land Policy Forum. Recently, we have been working on the

visualization and distribution of information about environmentally friendly property as a chair of Working Group A in the Study Committee on the Promotion and Spread of Environmentally Friendly Properties.

Furthermore, in the belief that the MLIT-led comprehensive assessment system for built environment efficiency (CASBEE) should be used effectively in the real estate market, the Group has supported its spread by actively making proposals in a CASBEE subcommittee. As an organizer of the subcommittee, we were involved in the development of CASBEE for Properties.

Our Activities as an UNEP FI Property Working Group Member

As a member of the United Nations Environment Programme Finance Initiative Property Working Group (UNEP FI PWG), the Group has collaborated on the creation and translation of tools and case studies to encourage investment in properties that take sustainability into account. We actively make recommendations for the promotion of such investment.



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

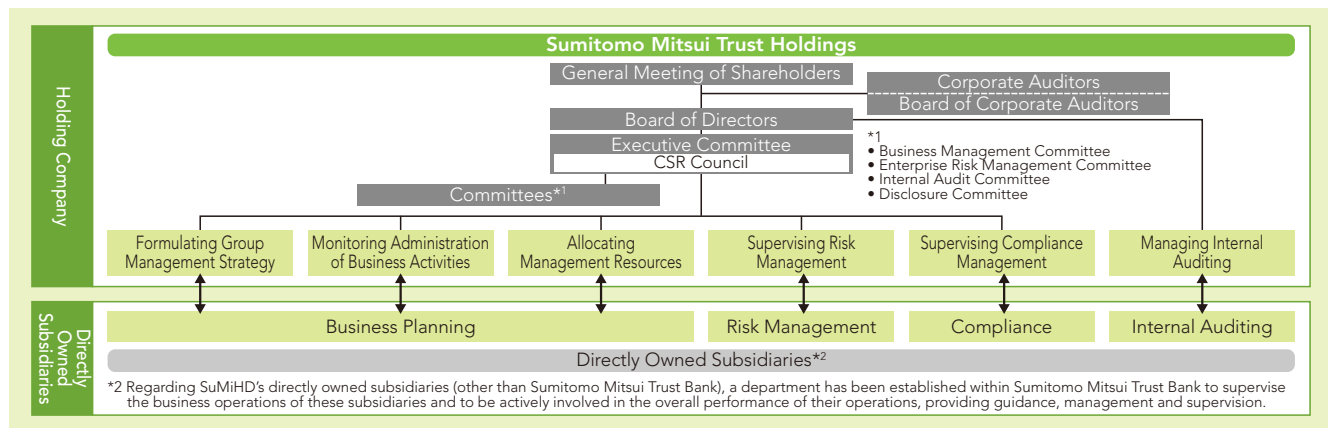
appointed two external directors, as part of the initiative to enhance management transparency and reinforce monitoring functions. In view of the business environment, which continues to experience huge changes, the directors' term of office is set at one year to better clarify their management responsibility.

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.

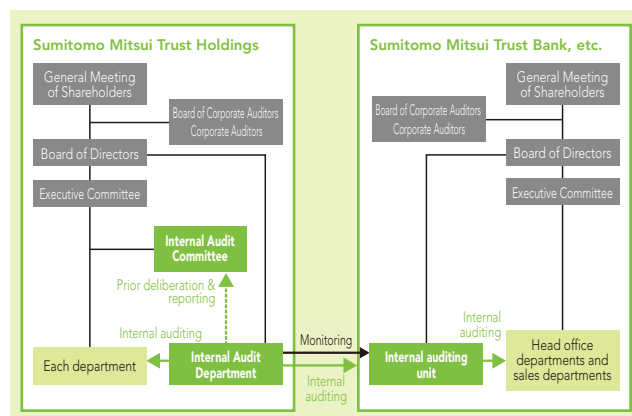
Corporate auditors hold periodic meetings with the Independent Auditors, receiving auditing information, as well as reports on auditing plans, status of auditing performed, auditing results, etc., in addition to exchanging opinions and sharing information. They also monitor and verify whether the Independent 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			O			O	
Soichi Shinohara	Academic			O			O	

*1 Main area of involvement with SuMiHD

- a. Current or former executive of an affiliated company
- b. Large shareholder of SuMiHD
- c. Concurrently serving as external director or external auditor of another company
- d. Concurrently serving as executive director or executive officer of another company
- e. 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
- f. Having reached an agreement for limitation of liability with SuMiHD
- g. 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			O			O	
Yasuhiko Takano	Attorney at law			O			O	
Tetsuya Yoshimoto	Other			O			O	
Shinichi Saito	Current or former executive of another company			O	O		O	

*1 Main area of involvement with SuMiHD

- a. Current or former executive of an affiliated company
- b. Large shareholder of SuMiHD
- c. Concurrently serving as external director or external auditor of another company
- d. Concurrently serving as executive director or executive officer of another company
- e. 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
- f. Having reached an agreement for limitation of liability with SuMiHD
- g. 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
June, 2012 Appointed Deputy President of SuMiTB (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 CMTB
February, 2010 Appointed Director of CMTB
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)
Appointed 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 MPC
October, 1997 Appointed Executive Vice President of Corporate Plans of Mitsui Chemicals, Inc. ("MC") (pursuant to the merger between MPC and Mitsui Toatsu Chemicals, Inc.)
June, 1999 Appointed President of MC
June, 2003 Appointed Chairman and President of MC
June, 2005 Appointed Chairman of the Board of MC
June, 2009 Appointed Advisor of MC
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)
Appointed Corporate Auditor (External Auditor)* of SuMiTB (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. ("EY-TAS")
July, 2009 Appointed Representative Director and CEO of EY-TAS
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)
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.

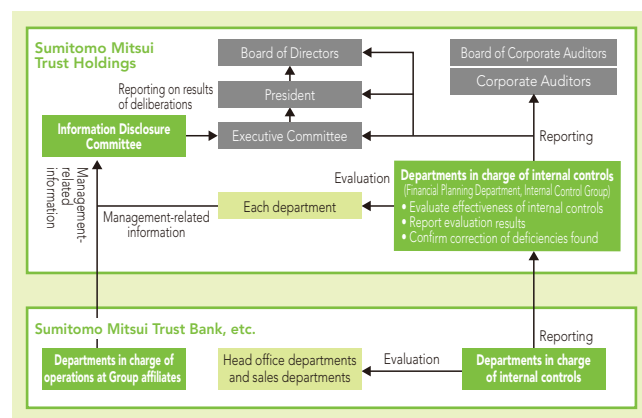
Scope of "Applicable Officers and Employees"

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.

Information Disclosure System



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.

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 compensation					
			Total amount of fixed compensation	Basic compensation	Total amount of variable compensation	Bonus	Compensation as stock option	Retirement benefits
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

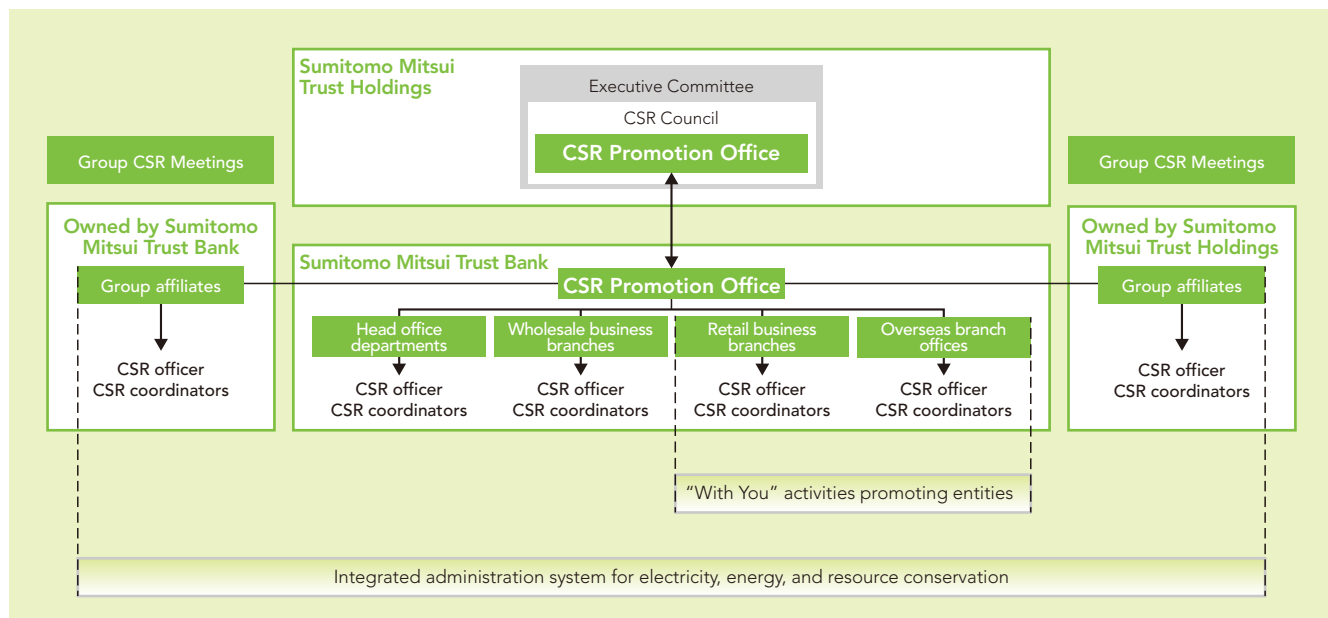
The Group has assigned CSR officers and coordinators to all branches and departments of the Group companies and SuMiTB for the purpose of promoting CSR activities. These CSR officers and coordinators are responsible for the promotion of activities to reduce the environmental burden, including measures 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.

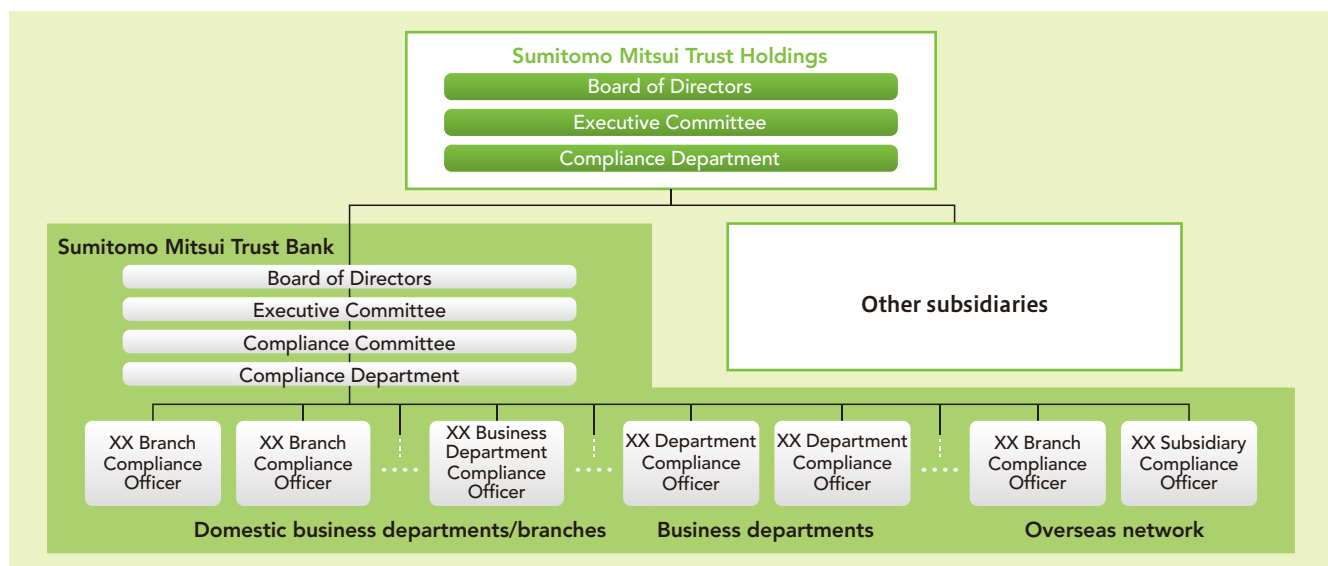
The Compliance Department is established in SuMiHD as the department to manage compliance for the whole group. This department creates a compliance policy, and

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

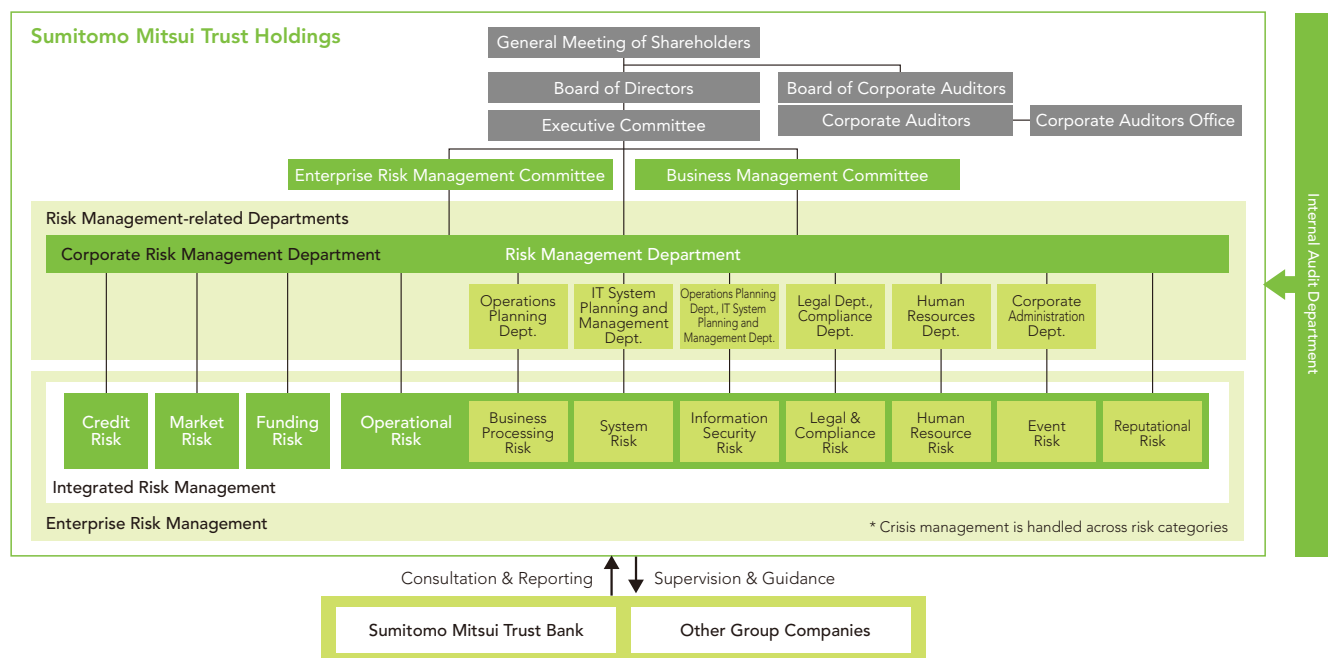
SuMiHD has established a department to supervise the overall group risk management and monitor the risk status of the whole Group, and has designated other risk management-related departments to supervise risk management for each risk category. These departments provide appropriate supervision of and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

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%.

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

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

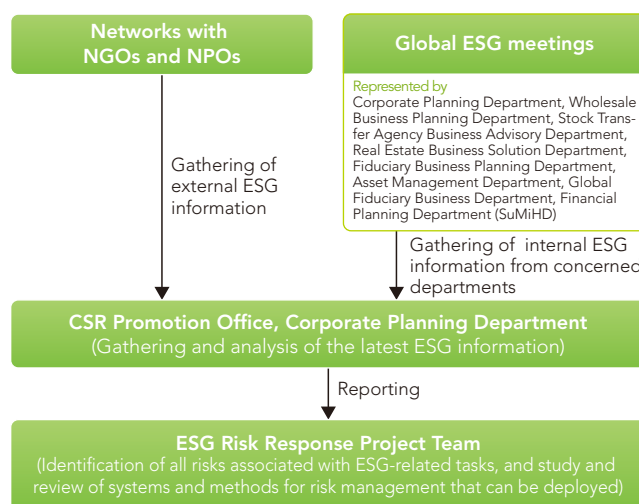
The ESG Risk Response Project Team has been established as an organization jointly supported by SuMiHD and SuMiTB. The Project Team is headed by the Head Office Executive of the CSR Promotion Office, Corporate Planning

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



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

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

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

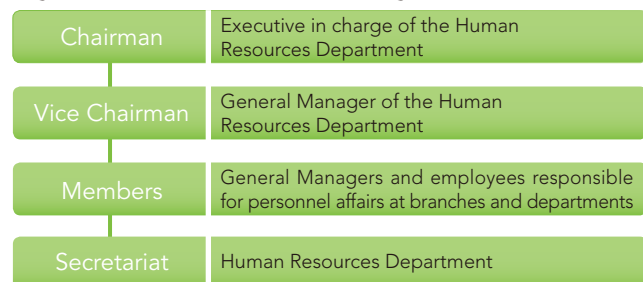
Corporate Planning Department

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

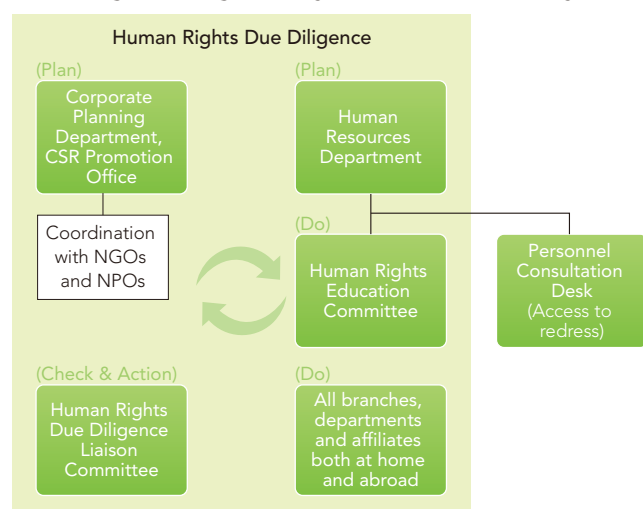
Each unit verifies the status of compliance with Human Rights Policy, based on the Human Rights Due Diligence Self-check List.

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

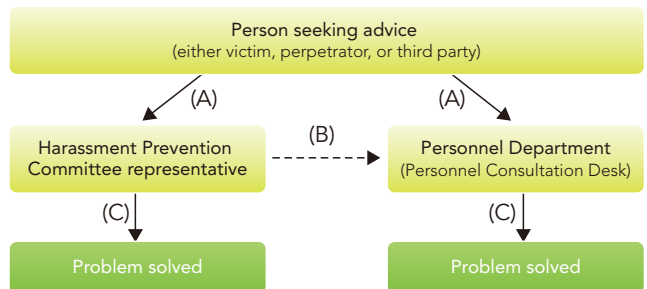
The Group regards tackling discrimination against the Dowa minority as a particularly important theme in the promotion of human rights education. In fiscal year 2013, the theme of the workplace-based human rights education training was the Dowa issue, which provided the first opportunity for the Group 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.

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.

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

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 over-time 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)	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)	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.

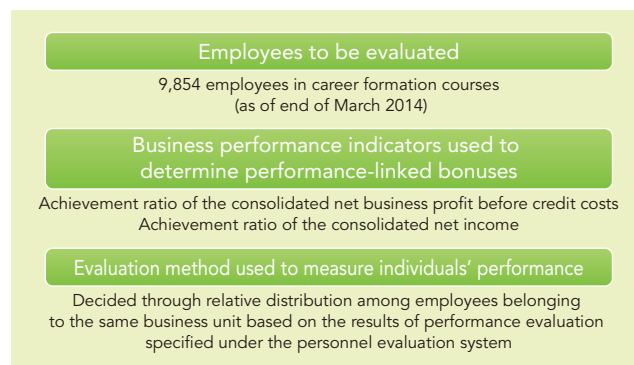
At the beginning of each business term, SuMiTB's employees consult with their supervisors and determine specific business execution tasks. After the end of the term, supervisors encourage employees to change their behavior or develop their capabilities by grading their performance in a fair and just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



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.

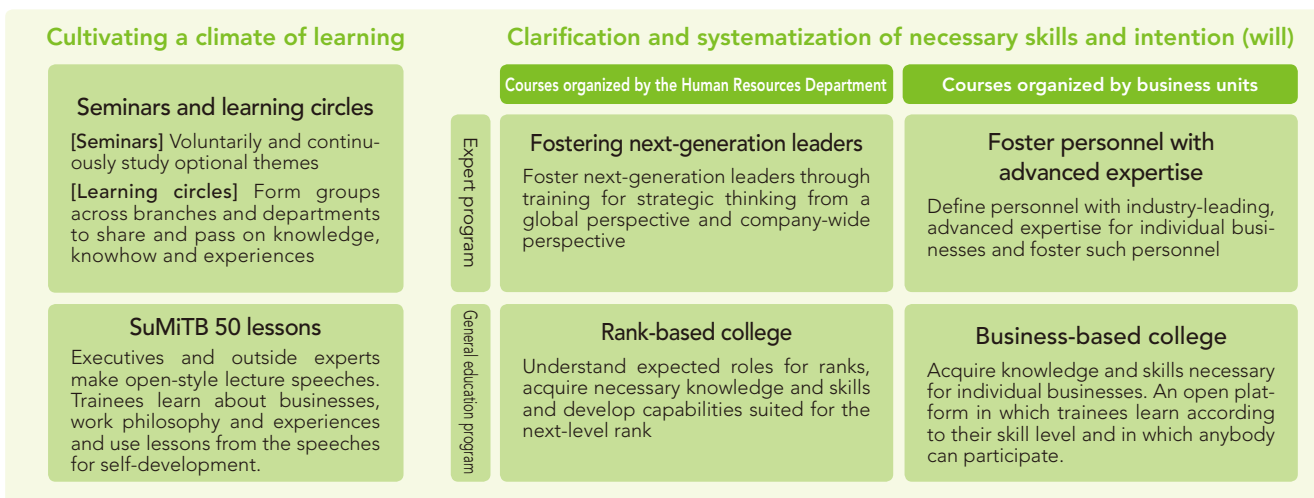
SuMiTB's president serves as the SuMiTB University's president, while SuMiTB's executive in charge of the Human Resources Development and an outside expert serve as the university's vice presidents. The SuMiTB University receives

OJT	Practical education is provided systematically and continuously in the workplace.
OFFJT (various training programs)	<p>Trainees acquire knowledge and skills systematically at the SuMiTB University as a "place of learning."</p> <p>◆ Various training programs</p> <ul style="list-style-type: none"> • Training for new employees, rank-based training, business process-based training, language training (English and Chinese) <p>Carefully tailored training is provided according to the levels of experience and skill.</p> <p>◆ Web Campus</p> <ul style="list-style-type: none"> • 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	<p>Capability development training programs, including training for acquiring qualifications and language training programs, are implemented.</p> <p><Overseas training and language training programs (English and Chinese), business process trainee program (New York, London, Shanghai, Singapore, etc.)></p>

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

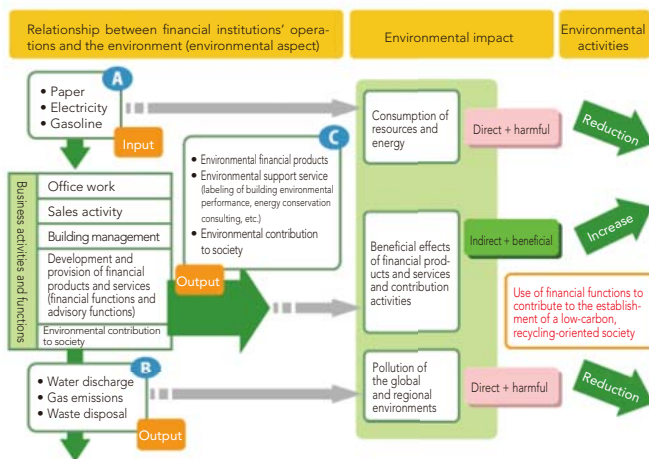
* A program to provide various training in order to support employees willing to actively learn in a challenging environment from the perspective of fostering a culture of proactive learning.

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%			
	Fuchu	2008	Down 20%	×	Down 16.9%	2012	Down 10%	Down 20%
	Senri	2008		○	Down 26.9%			
	Shiba	2013	Down 10%	×	Down 2.1%	2013	Down 5%	Down 15%
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%	2013	Down 5%	Down 15%
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.

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.

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

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.

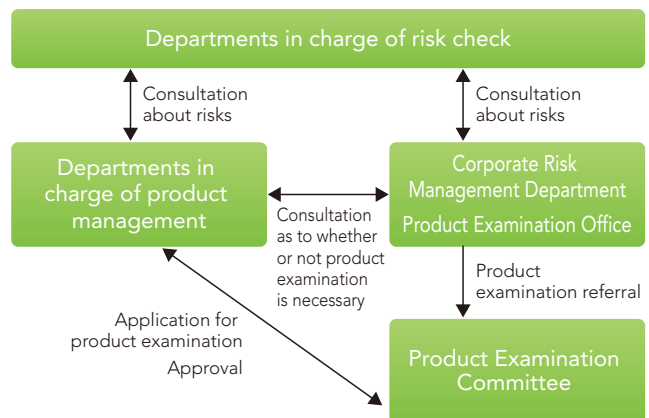
8. Continuous Improvement

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

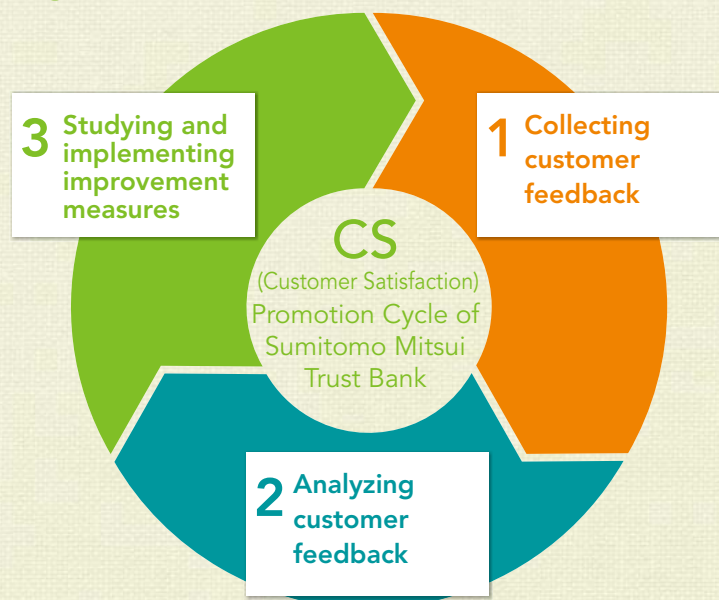
A wider choice of financial institutions and products is now available to clients, thanks to advances in information technology in our society. Financial institutions are now expected to offer higher levels of services. The Group is responding to today's demands by continually improving its products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

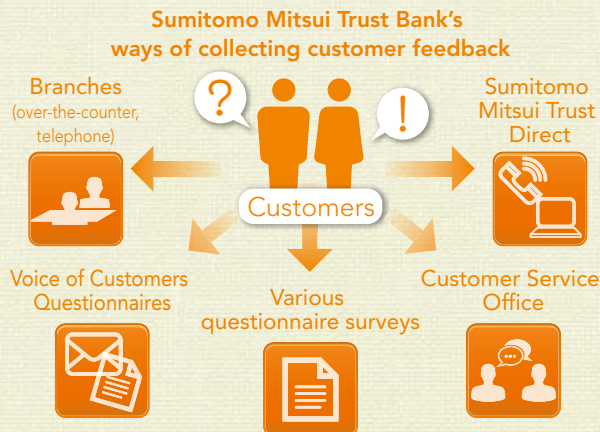
SuMiTB receives a lot of feedback from customers and many requests at branch offices throughout Japan through telephone centers and the Group's website, as well as the "Voice of Customers Questionnaires" available at every branch. We use this feedback to provide better products and services.





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.



Various Questionnaire Surveys

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



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.



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.

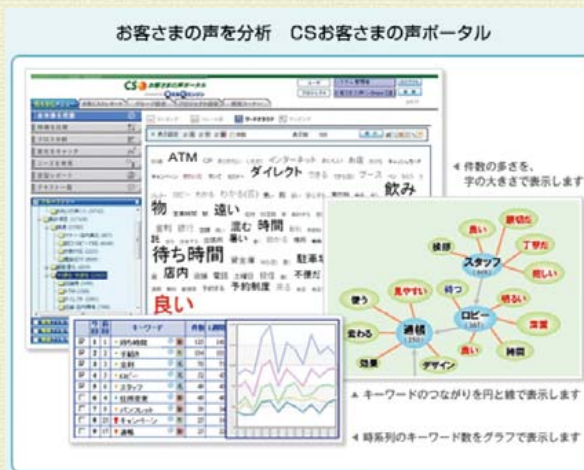
Customer Service Office

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



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.





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.

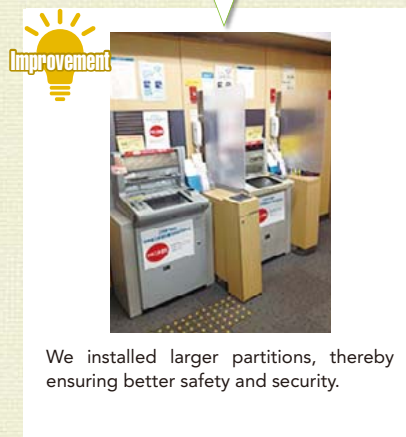
We will continue to strive to better serve customers as a bank.

Example cases of improvement at branches

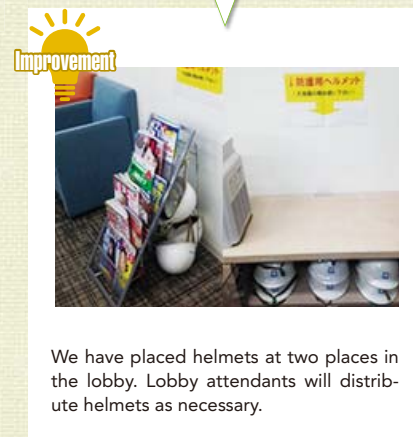
"Please eliminate the level difference at the entrance door."
(Ikebukuro Higashiguchi Branch)



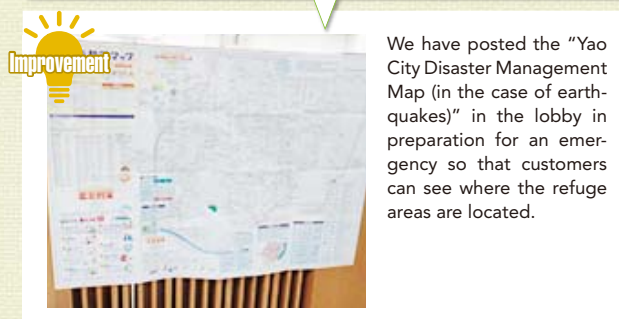
"Please expand the partition between ATMs to better keep privacy."
(Omori Branch)



"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)



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



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



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



"There are so many investment trusts that I am at a loss as to which of them to choose."



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



"The contract document regarding a card loan does not adequately explain details such as the repayment method."



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.



Process 3

CSR Activities to Enhance Trust and Strengthen the Business Base



Creating Shared Value

Corporations contribute to society along various themes. The Group has been stepping up its activities especially in the following three areas: (1) support for the environment and living creatures, (2) support for “successful aging,” and (3) contributions to local communities and society. Although some social values pursued in these activities may not be directly connected to the Group’s business, we believe that continuing these activities will enhance the trust our clients and local communities place in us and consequently strengthen the Group’s business base.



Activities across Japan

Sumitomo Mitsui Trust Bank (SuMiTB) promotes social contribution activities rooted in local communities, known as “With You” activities, primarily through its local business offices located across Japan.

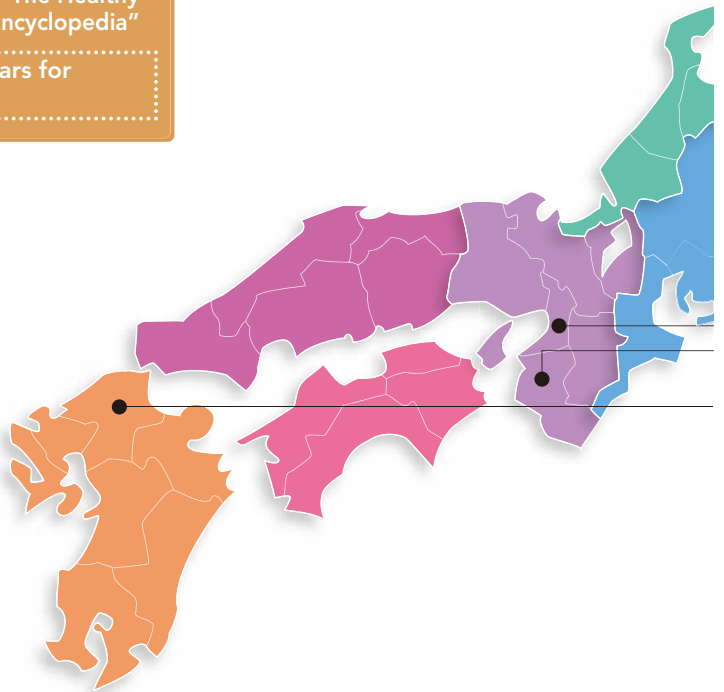


Activities All Branches are Carrying Out across Japan

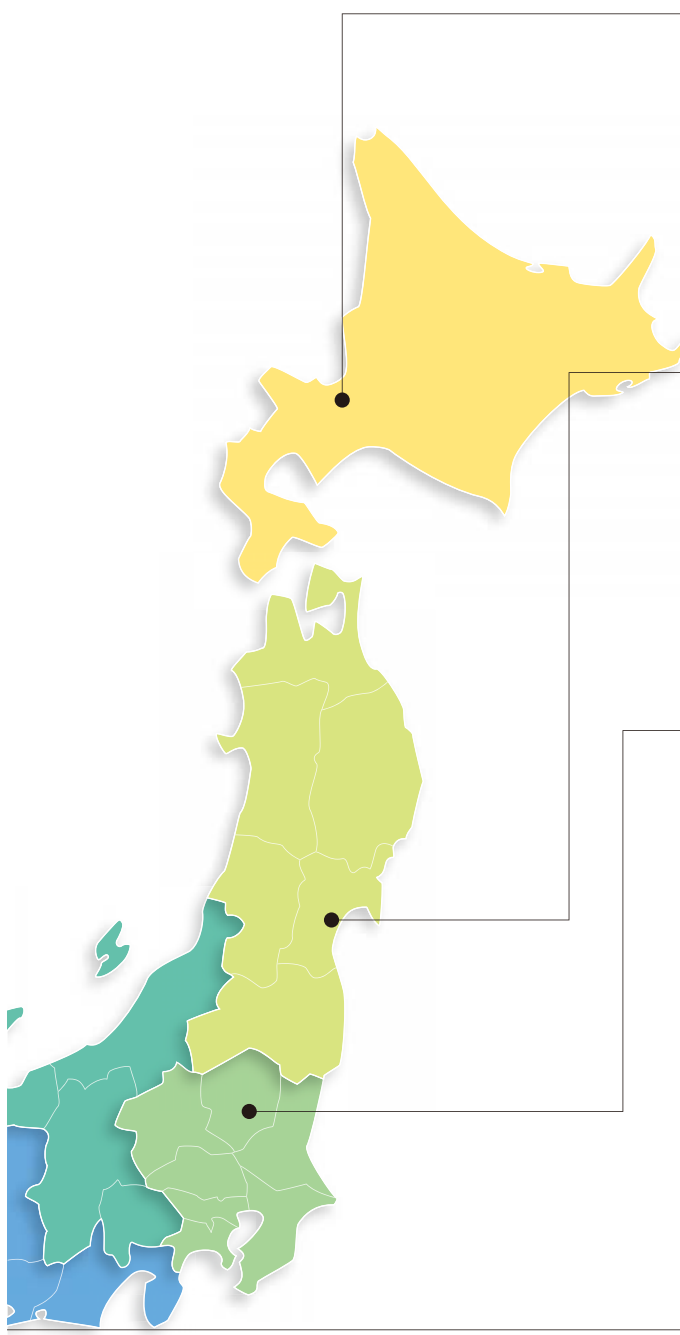


Money preparation seminars for the elderly


We held seminars on money preparation for the elderly at 12 branches across Japan during the year. Moreover, we are running seminars on the same theme for clients of our 16 branches around the Yamanote Line in Tokyo. We plan to convene seminars at more branches and departments.





Regional activities at our branches across Japan





The map shows Japan divided into several colored regions. Lines connect specific activities to their locations: Hokkaido (yellow), Tohoku (light green), Kanto (medium green), Chubu (dark green), Kyushu (blue), and Fukuoka (orange).


- Sapporo and Sapporo-Chuo Branches**
Conservation and Restoration Tour of Japan's Northernmost Beech Forest


The native beech forest in Kuromatsunai-cho is designated a national natural monument as the northern limit of native beech habitat in Japan. Since 2011, the Sapporo and Sapporo-Chuo Branches have been organizing an annual "Conservation and Restoration Tour of Japan's Northernmost Beech Forest" in order to protect the region's beech forest.
- Sendai and Sendai-Aoba Branches**
Breeding Killifish


Cooperating with the "Killifish's Foster Home" project led by Miyagi University of Education and Sendai Yagiya Zoological Park since September 2013, the Sendai and Sendai-Aoba Branches have bred killifish and held lobby exhibitions. In August 2014, some eggs hatched successfully, and we were able to see baby fish.
- Utsunomiya Branch**
Removal of Weeping Lovegrass


The gravel bars of the Kinugawa River are a treasure trove of precious plants and animals. However, plants native to the land have been threatened in recent years by alien species. The Utsunomiya Branch has been continually participating in work to remove an alien species of weeping lovegrass as part of its environmental conservation activities.
- Yao Branch**
Breeding *rhodeus ocellatus kurumeus* (Nippon baratanago)


An endangered species *rhodeus ocellatus kurumeus* is a freshwater fish unique to Japan; they live in only limited habitats, such as Yao city, Osaka Prefecture. The Yao Branch is breeding them in cooperation with Nippon Baratanago Takayasu Kenkyukai N.P.O.
- Fukuoka and Fukuoka-Tenjin Branches**
Participation in the "Love Earth Clean-up"


The "Love Earth Clean-up" is a campaign that citizens, companies, and local governments work together to clean the local community spaces. It has started in Fukuoka city and now spread across Japan. The Fukuoka and Fukuoka-Tenjin Branches jointly took part in the cleaning activities.
- Wakayama Branch**
Weed clearing in Trust Forest


Utilizing the "Company Forests" project promoted by Wakayama Prefecture, SuMiTB has regularly carried out forest conservation activities since 2007. Participants, including employees and their families, came from branches nationwide as well as the Wakayama Branch and conducted weed clearing.

Initiatives to Promote “With You” Activities

What are “With You” activities?

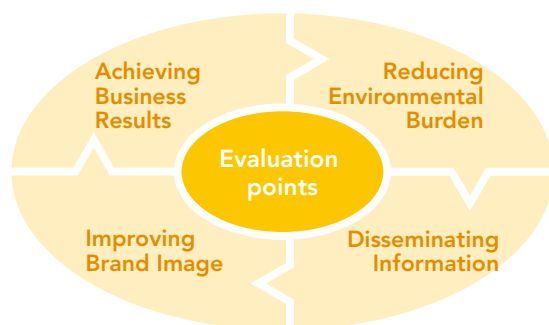
In order to build strong relationships of trust with community members, Sumitomo Mitsui Trust Bank (SuMiTB) engages in social contribution activities rooted in local communities, which are known as “With You” activities. “With You” activities are promoted with a focus on the following three areas: (1) support for the environment and living creatures, (2) support for “successful aging,” and (3) contributions to local communities and society.

With a view to promoting these activities systematically, SuMiTB introduced a point system in fiscal year 2012 as a guideline that establishes standards for these activities, dividing activities into categories and measuring their degree of difficulty and effectiveness. The point system

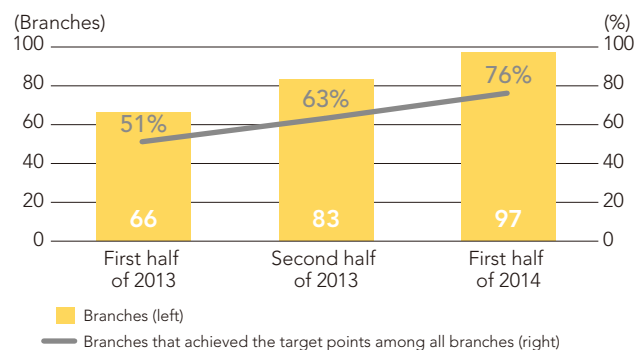
assesses each branch against a baseline point target of the year on “sales results,” “environmental load reduction,” “brand image improvement,” and “information delivery” as well as how they rose sales, shared their contribution to the communities, and posted on the “With You” blog. The branches have been steadily achieving the targets since beginning of the system, and are using “With You” activities as one of the effective ways of marketing.

Furthermore, branches that have generated outstanding results overall from “With You” activities are recognized through the “With You Excellence Award” and “With You Special Award.” We are actively developing “With You” activities by sharing these award-winning initiatives at branches nationwide.

Goals of “With You” Activities



Branches that achieved the target points



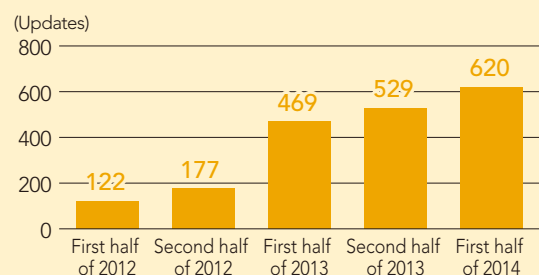
Branch Blog With You Website URL: <http://branchblog.smtb.jp/>

SuMiTB launched the “Branch Blog With You” site with the goal of interacting more closely with local people by publishing information unique to each community in real time and by allowing our branch employees to express in their own words their thoughts about contributing to the local community. In addition to regularly introducing “With You”

activities at branches around the country, the blog provides information about seminars and panel exhibitions being held, and is used as a means of communication with customers. With the number of posts increasing at each branch every year, the “With You” blog has become an important tool for communicating with local communities.



Updates of the branch blog



With You Excellence
Award for the first
half of FY2014

Meguro Branch

Since the opening in October 2013, Meguro Branch has proactively and seriously engaged in With You activities such as running Silver College, Nursing Home Seminars, and lobby exhibitions.

The branch held four Silver College seminars in a half year and welcomed 115 participants. The Silver College lectures are on preparation for a secure and comfortable retirement by leading experts of the related subjects.

Moreover, the branch also opened Nursing Home Seminars at private nursing homes in collaboration with TOKYU CORPORATION. The seminars provided lectures on smooth succession planning and Long-Term Care Insurance as well as nursing home visits with meal tastings, which were favorably received. Other activities of the branch include the GMT Lobby Exhibitions, which show well-known local products and places, and participation in the Meguro SUN Matsuri (Festival).



A Silver College class



The GMT Lobby Exhibition



A Nursing Home Seminar

These activities are highly approved to win the With You Excellence Award for the first half of FY2014 because of the wide coverage and continuous efforts in addition to the deep understanding and development of themes.

With You Excellence
Award for the first
half of FY2014

Shin-Yurigaoka Branch

Shin-Yurigaoka Branch, which opened in November 2013, held four Silver College seminars by first-rate experts on asset management, adequate nutrition intake, retirement housing, and dementia. The seminars attracted as many as 178 participants. After the class, some participants gave us favourable comments such as "Rarely other banks provide such satisfying services in terms of quality and quantity."

Furthermore, the branch cooperates with the Asao

Themes of Silver College seminars

	Seminar name
Seminar 1	Secure and comfortable retirement
Seminar 2	Retirement housing
Seminar 3	Dementia
Seminar 4	Succession to the next generation



A Silver College Class. All classes were filled with audience.



Employees of Shin-Yurigaoka Branch joined the goldband lily planting activity.

Goldband Lily Planting and Promotion Association in nature maintenance activities. With the aim of bringing back the goldband lily to a local area, where the plant once grew naturally, employees of the branch mowed grass and bagged lily buds.

Shin-Yurigaoka Branch was awarded the With You Excellence Award for the first half of FY2014, as it drew large audiences to Silver College and the lectures were highly qualified. The lily maintenance activities also won recognition, because the branch enabled it to blend well in the local communities, in addition to the lobby exhibitions on goldband lily planting.

Support for National Trust

National Trust is an activity in which trust organizations conserve the beautiful nature as well as historic environments with measures such as acquisitions and preservation agreements to pass them down. Companies and citizens can entrust their lands and buildings to these trust organizations and also donate money. SuMiTB supports these activities in various ways including joint programs with Green TV Japan of environment education on Trust places in Japan.

The Forest where Amami-no-kurousagi (Amami Rabbit) inhabits

SuMiTB has joined the Trust Campaign run by the Association of National Trust in Japan to protect rare Amami Rabbit, which inhabits only on the island of Amami Oshima and Toku-no-shima. SuMiTB's Kagoshima Branch donated funds for purchasing 8,066 m² of forest lands for the animal.

The Northernmost Beech Forest

The Beech Forest in Kuromatsunai-cho is the most northern habitat of native beech. Moreover, the forest makes us notice environmental changes caused by the global warming. Employees of Sapporo and Sapporo-Chuo Branches planted beech saplings in the trust place and keep regular conservation activities.

Oyatsu Forest

Oyatsu Forest spreads behind the Tsurugaoka Hachimangu shrine. To protect this forest, the Kamakura Environment Conservation Society was established in 1964 as the first National Trust organization in Japan. SuMiTB will hold an environment education class in Kamakura to mark the 50th anniversary of the Society.

The Forest where Tsushima leopard cats inhabit

The Tsushima leopard cat is an endangered wildcat living exclusively on Tsushima Island, Nagasaki Prefecture, and has reduced the number to only 100. To fund purchases of trust places, SuMiTB provides a donation program through social contribution donation trusts in addition to programs for Kuromatsunai-cho and Amami Oshima.

Tenjinzaki

Tenjinzaki is a promontory in Tanabe City, Wakayama Prefecture. Despite the location near to city center, it keeps rich natural environment. SuMiTB made educational films from interview recordings of nearby elementary school children and used the materials for environment education.

The Waterhead Forest Trust in Mimasaka

This 62 hectare Waterhead Forest grows around the Yoshii River headstream, keeping the pristine nature. SuMiTB created educational materials on the waterhead forest and lectured on the environment at elementary school. In the class, children thought about the importance of water.

Koaji Forest

Koaji Forest is located near the tip of the Miura Peninsula and preserved by the activities of National Trust in Kanagawa Prefecture. SuMiTB, in collaboration with Green TV Japan, interviewed to experts and made educational materials, which were used for environment education classes at elementary school.

Education for Sustainable Development

SuMiTB is engaged in activities to promote and raise awareness of the National Trust among children, who are bearers of the future, by collaborating on an Education for Sustainable Development (ESD) project with Green TV Japan, an Internet broadcaster specializing in the environment.

In this project, SuMiTB made educational films on Trust places at Tenjinzaki, Wakayama Prefecture, in 2012 and at Koajiro Forest, Kanagawa Prefecture, in 2013. Furthermore, SuMiTB delivered lectures using them to elementary schools.

In the ESD project carried out in September 2014, classes using videos about water supply to Okayama City were held for all students at Okayama City Tsunoyama Elementary School to encourage thinking about the importance of water. The children watched a video filmed at Waterhead Forest in Mimasaka and learned that nearby rivers were linked to upstream forests, that protecting the forests nurtures creatures living in the water and makes our own lives richer, and that the water retention function of

the forests plays a role in preventing flooding and other problems downstream.

Scenes from the class were shown at a booth set up at an event in Okayama City, which was held in connection with the UNESCO World Conference on ESD in November. The exhibition was a hit, attracting crowds of children.

SuMiTB plans to run another ESG project in Kamakura City, the place of the first National Trust activity in Japan.



Booth at event in Okayama City, held in conjunction with the ESD conference

A part of the ESG history themed National Trust

2012



Local elementary school learned about natural creatures at Tenjinzaki, Wakayama Prefecture.

2013



Interview with an expert about conservation activities of the Koajiro Forest in Kanagawa Prefecture

2014



National Trust staff talked on-site in the Waterhead Forest in Mimasaka, Okayama Prefecture.



Video teaching material made from the films recorded on the sites



SuMiTB employees acted as facilitators to conduct classes using the video teaching material

National Trust Promotion

at home

Children talk with the family about what they learned.

on the web

The day's recordings are uploaded.

at branch lobbies

Videos including the class recordings are shown.

through the share with local people

Reconstruction Support for the Great East Japan Earthquake-afflicted Regions

The Project of Making Great Forest Wall with Debris

The Project of Making Great Forest Wall with Debris started by the request of Dr Akira Miyawaki, Professor Emeritus at Yokohama National University. He lectured as a special speaker at an opening seminar of the new location of Sendai and Sendai-Aoba Branches in December 2012 with the theme of "Forest resurrects the region—reconstructing and regenerating the region in harmony with the nature".

Under his concept of "making great forest wall with debris", the project plans to build a 300 kilometer-long wall of mounds along the Sanriku Coast. The construction uses earth mixed with earthquake rubble after decontamination treatment, and broadleaf trees are planted on the mounds. The wall will be a forest safeguard based on the regional flora. It is expected to reduce tsunami power while planted trees prevent slope failure of the mounds. Moreover, the tidal-wave shield draws attention as a new approach to cope with earthquake ruins.

Following the participation in 2013, Sendai and Sendai-Aoba Branches continued to join the project. Employees of the Group including the Branches and their families planted trees. Both Branches will carry on the activity to support reconstructing the region and preventing disasters in the future.



A tree-planting activity, which 59 people participated in



A newly planted sapling

The Fukushima Organic Cotton Project

In the Fukushima Organic Cotton Project since fiscal year 2012, more than 5,000 participants in total have grown cotton plants without using artificial chemicals in idled fields damaged by sea salt of tsunami and by rumor after the nuclear accident. Cotton is said to be salt tolerant and have a low cesium uptake rate. Moreover, the project is also a Fukushima's attempt to create new cotton farming and the industry in Japan, where the self-sufficiency rate of fiber, including cotton, is zero per cent.

In June 2014 a volunteer group of 43 SuMiTB employees visited Iwaki City, Fukushima Prefecture, in one of the activities. They were not able to sow cotton as planned in advance because of heavy rain in the previous days, but instead, they went around the city by bus to see afflicted areas and the progress of reconstruction. After that, they brought Cotton Babes, cotton dolls attached with cotton seeds, back home to grow the plants. In December, the group collected harvested cotton wools and send them to Fukushima. People in Fukushima use cotton to produce items such as T-shirts and Cotton Babes for supporting the reconstruction.



Cotton Babes (dolls made from organic cotton balls with seeds)



A cotton plant grown at an employee's home

The cycle of the project



Harvested cotton wools

Education Support for Children through ISAK

Supporting Children Receiving Education at Shanti Bhavan

The International School of Asia, Karuizawa (ISAK), opened in August 2014 as the first international boarding school in Japan that is intended to foster next-generation leaders. ISAK operates on a small-class system, with each class comprised of 10 to 18 students and all lessons are given in English. ISAK has been approved as a candidate school to offer the International Baccalaureate (IB) Diploma Programme, which means graduates of ISAK are qualified to apply for enrollment in universities in countries around the world.

Accepting foreign students mainly from the Asia-Pacific region, ISAK provides support so that students with various backgrounds can have equal access to education. As SuMiTB strongly supports ISAK's ideal, it has acted as a foster parent for foreign students



Miss Thulasi Priya Ramesh



ISAK school building located in Karuizawa

participating in its summer school since 2013, providing financial assistance to cover their travel, stay and school expenses. Miss Thulasi Priya Ramesh for which SuMiTB acted as a foster parent in 2014, is receiving education at Shanti Bhavan, an educational institution for children who are in an economically disadvantaged position. SuMiTB intends to continue consistent support so that bright students at this school can learn at ISAK.



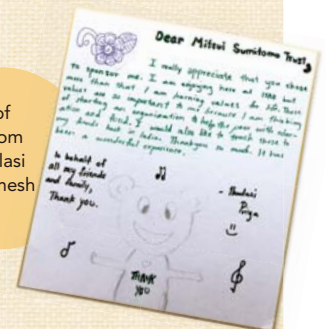
Children participating in a summer school



Scenes from the 2014 summer school



A letter of thanks from Miss Thulasi Priya Ramesh



Mission of Educational Institution "Shanti Bhavan"

Shanti Bhavan is intended to foster children who are in the most disadvantaged position socially and economically under India's hereditary caste system. This school provides the best education program and helps to cultivate global values under a boarding system in a rich natural environment in order to enable children to find the types of jobs they desire and to facilitate their career development. Shanti Bhavan's education program gives hope to children in the lowest caste under the caste system and leads them to success.

Dr. Abraham George, who is the school's founder, believed that in order to improve the situation of people who are in a disadvantaged position under the caste system and break the negative cycle extending to the next generation, the most important thing to do is educate children.

If children in the lowest caste receive education in the best living environment and grow into leaders, it will save many people, including their families, producing a positive impact on the next generation. If many schools implement education programs similar to those provided at Shanti Bhavan, it will become possible to abolish discrimination based on the caste system that has continued for 2,000 years.



Children learning at Shanti Bhavan

CSR Activities at Group Companies

Nikko Asset Management

Nikko Asset Management works for various CSR activities as it places a high value on contributing to global environment and development of a sustainable society.

In addition to proactively managing the Nikko AM Employee Charity Program, which is a social contribution program by employees, Nikko AM has signed up for United Nations Environment Programme Finance Initiative (UNEP FI), Principles for Responsible Investment (PRI), and the Principles for Financial Action for the 21st Century—Financial Action Towards a Sustainable Society—to cope with CSR activities through the core business. It was one of the first members of the drafting committee of the Principles for Financial Action for the 21st Century and now co-chairs the administration committee.

FIT for Charity Run

Financial Industry in Tokyo (FIT) for Charity Run is a charity event created by financial service companies in Tokyo and draw participants across the industry with the aim of supporting non-profitable organizations in Japan.

Nikko AM has joined the event every year as a corporate sponsor and an executive committee member since the second Run in 2006.

Regular Gatherings for Child Wheelchair Maintenance

Nikko AM has participated in regular gatherings for child wheelchair maintenance held by a non-profitable organization which sends child wheelchairs to abroad. The NPO is one of the beneficiaries of the Nikko AM Employee Charity Program. In the hands of the NPO, second-hand child wheelchairs, no longer used in Japan, take maintenance work to become gifts to children in developing countries. From Nikko AM, eight volunteers took part in the event in October 2014 to prepare and pack about 30 wheelchairs.



Employees joined a regular gathering for child wheelchair maintenance.

Changing parts and shining a second-hand wheelchair.



WFP Walk the World

Nikko AM was engaged in a charity initiative Walk the World held by the United Nations World Food Programme (WFP). A part of the enrolment fees provided funds for WFP's School Meals Programmes. In 2014, the number of the participants was 3,879, and 36,260,200 yen from their fees was used for reducing child hunger in developing countries.



WFP Walk the World in Yokohama, May 2014

Oxfam Trailwalker Light

Oxfam Trailwalker is a charity event in which teams of four people participate. Nikko AM took part in the May 2014 event to walk 43 kilometers from Minamiashigara City, Kanagawa Prefecture, to Yamanaka-ko Village, Yamanashi Prefecture. Donation money is used for international cooperation activities such as emergency aid for victims of disasters and conflicts as well as education and agriculture support in developing countries.



The four members of a team progresses towards the Yamanaka-ko goal.

Sumitomo Mitsui Trust Realty

In October 2014, Sumitomo Mitsui Trust Realty signed a contract with Nagoya City to collaborate and cooperate on the plan to regenerate Higashiyama Zoo and Botanical Gardens. The company exchanged a memorandum with the city in the previous fiscal year and has donated funds for various purposes. The contract aimed to continue the company's support for advancing the renewal plan and improving services for visitors. At the ceremony to sign the agreement, Sumitomo Mitsui Trust Realty donated 15 wheelchairs to the city. Under the contract, the company annually evaluates the supporting work to improve the effectiveness. For example, it will assess the way to donate goods and equipment.

Furthermore, in October of the year of the contract, the company held an event of Grandchildren's Day in the zoo to help the public institute. More than 150 families then applied for the free photo shooting service for families with grandchildren.



The Mayor of Nagoya Takashi Kawamura and President of Sumitomo Mitsui Trust Realty Toshifumi Aga show each signature.



SuMiHD's mascot Trust-san and the mascot of Higashiyama Zoo and Botanical Gardens Zoobo-kun also joined the ceremony.

SBI Sumishin Net Bank

SBI Sumishin Net Bank held the Regional Challenge Contest 2013 in June 2013. The contest invited ideas of how to make people in their region happy from children and students at elementary and middle to high school. Among the 194 applications, an idea of Miyagi Prefectural Agricultural High School students won the first prize. SBI Sumishin Net Bank supported the contest in multiple aspects including meetings with students and teachers in advance as well as logistics assistance to open the event.

Moreover, in November 2013, the company convened the Online Economics Competition where high school students across the country answered quizzes on financial knowledge through the internet. Using the internet platform, SBI Sumishin Net Bank will continue releasing messages as an internet bank to share future happiness with people and progress towards the future of the society.



The project logo of SBI Sumishin Net Bank: Challenge Action for Tomorrow, aka CAT



Students at Miyagi Prefectural Agricultural High School



Among the participating students in the Online Competition, two students from Kwansei Gakuin Senior High School won the entry to the National Championship.

Other “With You” Activities

Inheritance from Me

Since June 2013, SuMiTB started inviting 400-character stories on precious people, things, and matters which the writer wants to pass on to the next generations. The bank names them “Inheritance from Me”. Works awarded the Grand Prize and the Second Grand Prize are compiled to deliver to the lobbies at SuMiTB Branches across the country. Among as many as 4,956 entries for the first competition, most of which were about their memories of families, teachers, or friends, three stories won the Grand Prize and 20 episodes received the Second Grand Prize.



The Assortment of Information: Happy and Healthy at a Hundred

SuMiTB collaborates with ILC-Japan, which studies ageing societies from an international point of view, and publishes a mini-handbook, *Happy and Healthy at a Hundred*. The booklet contains assorted information of ageing and is distributed to clients at seminars and branch lobbies across Japan. The revised edition of September 2014 introduces themes on population and lifestyles as well as health, medical care, and nursing care to plainly explain the situation of the elderly in Japan using graphs, tables, and pictures.



Tools to Introduce “With You” Activities

Social Contribution Activities Report “SuMi TRUST With You”

SuMiTB engages in social contribution activities that are rooted in local communities, primarily through its local business offices located across Japan, in order to build a strong relationship of trust with community members. In its social contribution activities report “SuMi TRUST With You,” SuMiTB introduces such “With You” activities being carried out at each branch.

Website URL: <http://smth.jp/csr/report/>



Green TV

Green TV Japan has more than 1,000 videos available for viewing free of charge, including a large selection of overseas videos as well as videos produced independently in Japan.

SuMiTB has supported Green TV Japan as a media sponsor since it was first established in 2007. We have collaborated on various projects including producing environment-related video content and promoting ESD.

Website URL: <http://www.japangreen.tv/>



CSR of Sumitomo Mitsui Trust Group: Accession to International Guidelines for Corporate Conduct, etc., and Related Activities

The Group has signed on to various international guidelines and principles involving corporate conduct. It has actively involved itself in the formulation of international standards in cooperation with international organizations, foreign companies, and NGOs, while it implements such activities.

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



The UNEP FI is an international network that encourages financial institutions to take action to preserve the environment and to make development sustainable. The Group has proactively supported UNEP FI ever since it became the first Japanese trust bank to sign on to it in October 2003.

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

The UNEP FI PWG is one of the working groups formed by signatory institutions of the UNEP FI to promote property finance that facilitates sustainable development, namely Responsible Property Investment (RPI). In addition to joining the working group in June 2007, the Group became a member of the media team that promotes RPI and conducts activities as one of its leading members.

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



At the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity held in May 2008 in Bonn, Germany, the Group, together with 33 other companies from around the world, signed a leadership declaration under the Business and Biodiversity Initiative "Biodiversity in Good Company," which was led by the German government. Since that time, we have been playing a 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 former UN Secretary-General Kofi Annan, is a code of conduct regarding human rights, labor, the environment, and anti-corruption. Signatory companies are called on to take measures to implement the compact. In July 2005, the Group signed the 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. The Group also became a member of the Global Compact Japan Network (GC-JN), in which signatory companies of the UN Global Compact participate.

The Natural Capital Declaration



Sumitomo Mitsui Trust Holdings (SuMiHD) became a signatory to the Natural Capital Declaration proposed by the United Nations Environment Programme Finance Initiative (UNEP FI) at the United Nations Conference on Sustainable Development "Rio+20" held in Rio de Janeiro in June 2012. SuMiHD is the only financial institution in Japan to have signed the declaration.

Accession to the Principles for Responsible Investment



The Group companies became a signatory of the Principles for Responsible Investment, which were jointly established by the U.N. Global Compact and the UNEP FI. These principles require institutional investors and fund management institutions to give consideration to ESG (Environmental, Social, and Governance) factors when making investment decisions.

Membership in Business for Social Responsibility (BSR)



BSR, based in the United States, is an organization that promotes CSR, and it is engaged in the development of sustainable business strategies through collaboration with more than 250 member companies all over the world. In January 2010, the Group became a member of BSR and is receiving various forms of support in promoting CSR that is specific to its business, such as the provision of research information on China Stock SRI funds and the dispatch of lecturers to training programs for managers.

Formulation and Practice of "Principles for Financial Action towards a Sustainable Society" (Principles for Financial Action for the 21st Century)

The Group has been actively involved in the formulation of the Principles for Financial Action for the 21st Century. These principles aim at concrete action toward creating a sustainable society jointly taken by Japan's major financial institutions. As the current chair of the steering committee, we are pressing ahead with efforts to coordinate the signatories and to ensure the widespread adoption of these principles.



GRI Content Index

Global Reporting Initiative (GRI)

Established in 1997 as a joint project between the Coalition for Environmentally Responsible Economics (CERES), a nonprofit organization in the United States, and the United Nations Environment Programme (UNEP), the GRI aims to improve the contents of sustainability reports to the level of financial reports while attaining the basic conditions of comparability, credibility, accuracy, appropriateness of timing, and verifiability of the information included in the sustainability reports. The initial guidelines were issued in 2000, revised in fiscal year 2002, and further revised in fiscal year 2006 based on the 2002 revisions, and fourth generation guidelines were released in fiscal year 2013.

● = Required General Standard Disclosures for both 'in accordance' criteria options

* Global Compact

Indicator	Core Indicators	Page No.	GC*
GENERAL STANDARD DISCLOSURES			
Strategy and Analysis			
4.1 ●	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	P.4,5	
4.2	Provide a description of key impacts, risks, and opportunities.	P.6,12,13,66,67, 81-86,110,111	
Organizational Profile			
4.3 ●	Report the name of the organization.	P.133	
4.4 ●	Report the primary brands, products, and services.	P.14-65	
4.5 ●	Report the location of the organization's headquarters.	P.133	
4.6 ●	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	P.132	
4.7 ●	Report the nature of ownership and legal form.	P.132	
4.8 ●	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	P.10,11,132-133	
4.9 ●	Report the scale of the organization, including: <ul style="list-style-type: none"> • Total number of employees • Total number of operations • Net sales (for private sector organizations) or net revenues (for public sector organizations) • Total capitalization broken down in terms of debt and equity (for private sector organizations) • Quantity of products or services provided 	P.96,131-132	
4.10 ●	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	P.92,96	
4.11 ●	Report the percentage of total employees covered by collective bargaining agreements.	P.92	
4.12 ●	Describe the organization's supply chain.	P.9	
4.13 ●	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: <ul style="list-style-type: none"> • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination 	P.102	
Commitments to External Initiatives			
4.14 ●	Report whether and how the precautionary approach or principle is addressed by the organization.	P.82-85,97-102	Rule 7
4.15 ●	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	P.7,27,38,50,51,57, 65,75,80,102,123	

Indicator	Core Indicators	Page No.	GC*
4.16	<ul style="list-style-type: none"> List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic <p>This refers primarily to memberships maintained at the organizational level.</p>	P.123	
Identified Material Aspects and Boundaries			
4.17	<ul style="list-style-type: none"> a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. 	P.8-9	
4.18	<ul style="list-style-type: none"> a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content. 		
4.19	<ul style="list-style-type: none"> List all the material Aspects identified in the process for defining report content. 		
4.20	<ul style="list-style-type: none"> For each material Aspect, report the Aspect Boundary within the organization, as follows: <ul style="list-style-type: none"> • Report whether the Aspect is material within the organization • If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: <ul style="list-style-type: none"> – The list of entities or groups of entities included in G4-17 for which the Aspect is not material or – The list of entities or groups of entities included in G4-17 for which the Aspects is material • Report any specific limitation regarding the Aspect Boundary within the organization 		
4.21	<ul style="list-style-type: none"> For each material Aspect, report the Aspect Boundary outside the organization, as follows: <ul style="list-style-type: none"> • Report whether the Aspect is material outside of the organization • If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified • Report any specific limitation regarding the Aspect Boundary outside the organization 		
4.22	<ul style="list-style-type: none"> Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements. 		
4.23	<ul style="list-style-type: none"> Report significant changes from previous reporting periods in the Scope and Aspect Boundaries. 		
Stakeholder Engagement			
4.24	<ul style="list-style-type: none"> Provide a list of stakeholder groups engaged by the organization. 	P.9,103-109	
4.25	<ul style="list-style-type: none"> Report the basis for identification and selection of stakeholders with whom to engage. 		
4.26	<ul style="list-style-type: none"> Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process. 		
4.27	<ul style="list-style-type: none"> Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns. 		
Report Profile			
4.28	<ul style="list-style-type: none"> Reporting period (such as fiscal or calendar year) for information provided. 	P.2,133	
4.29	<ul style="list-style-type: none"> Date of most recent previous report (if any). 		
4.30	<ul style="list-style-type: none"> Reporting cycle (such as annual, biennial). 		
4.31	<ul style="list-style-type: none"> Provide the contact point for questions regarding the report or its contents. 		
GRI Content Index			
4.32	<ul style="list-style-type: none"> a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines. 	P.124-130	
Assurance			
4.33	<ul style="list-style-type: none"> a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report. 	—	

Indicator	Core Indicators	Page No.	GC*
Governance			
Governance Structure and Composition			
4.34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental, and social impacts.	P.68-75,86	
4.35	Report the process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.		
4.36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics, and whether post holders report directly to the highest governance body.		
4.37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.		
4.38	Report the composition of the highest governance body and its committees by: <ul style="list-style-type: none"> • Executive or non-executive • Independence • Tenure on the governance body • Number of each individual's other significant positions and commitments, and the nature of the commitments • Gender • Membership of under-represented social groups • Competences relating to economic, environmental, and social impacts • Stakeholder representation 		
4.39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).		
4.40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: <ul style="list-style-type: none"> • Whether and how diversity is considered • Whether and how independence is considered • Whether and how expertise and experience relating to economic, environmental, and social topics are considered • Whether and how stakeholders (including shareholders) are involved 		
4.41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: <ul style="list-style-type: none"> • Cross-board membership • Cross-shareholding with suppliers and other stakeholders • Existence of controlling shareholder • Related party disclosures 		
Highest Governance Body's Role in Setting Purpose, Values, and Strategy			
4.42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social impacts.	P.68-75,86	
Highest Governance Body's Competencies and Performance Evaluation			
4.43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.	P.68-75,86	
4.44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including, as a minimum, changes in membership and organizational practice.		
Highest Governance Body's Role in Risk Management			
4.45	a. Report the highest governance body's role in the identification and management of economic, environmental, and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social impacts, risks, and opportunities.	P.81-86	
4.46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.		
4.47	Report the frequency of the highest governance body's review of economic, environmental, and social impacts, risks, and opportunities.		
Highest Governance Body's Role in Sustainability Reporting			
4.48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	P.8-9,68-75	

Indicator	Core Indicators	Page No.	GC*
Highest Governance Body's Role in Evaluating Economic, Environmental, and Social Performance			
4.49	Report the process for communicating critical concerns to the highest governance body.	P.68-75	
4.50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.		
Remuneration and Incentives			
4.51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: <ul style="list-style-type: none">• Fixed pay and variable pay: (Performance-based pay, Equity-based pay, Bonuses, Deferred or vested shares)• Sign-on bonuses or recruitment incentive payments• Termination payments• Clawbacks• Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental, and social objectives.	P.75	
4.52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.		
4.53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.		
4.54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.		
4.55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.		
Ethics and Integrity			
4.56	● Describe the organization's values, principles, standards, and norms of behavior such as codes of conduct and codes of ethics.	Cover2,P.1,76-77	
4.57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.		
4.58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.		

SPECIFIC STANDARD DISCLOSURES

Generic Disclosures on Management Approach			
4-DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	P.8-9	
Category: Economic			
Aspect: Economic Performance			
EC1	Direct economic value generated and distributed	P.131	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	—	
EC3	Coverage of the organization's defined benefit plan obligations	—	
EC4	Financial assistance received from government	—	
Aspect: Market Presence			
EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	—	
EC6	Proportion of senior management hired from the local community at significant locations of operation	—	
Aspect: Indirect Economic Impacts			
EC7	Development and impact of infrastructure investments and services supported	P.14-31	
EC8	Significant indirect economic impacts, including the extent of impacts	—	
Aspect: Procurement Practices			
EC9	Proportion of spending on local suppliers at significant locations of operation	—	

Indicator		Core Indicators	Page No.	GC*
Category: Environmental				
Aspect: Materials				
EN1	Materials used by weight or volume		—	
EN2	Percentage of materials used that are recycled input materials		—	
Aspect: Energy				
EN3	Energy consumption within the organization		P.97-102	
EN4	Energy consumption outside of the organization		P.97-102	
EN5	Energy intensity		P.97-102	
EN6	Reduction of energy consumption		P.97-102	
EN7	Reductions in energy requirements of products and services		P.99	
Aspect: Water				
EN8	Total water withdrawal by source		—	
EN9	Water sources significantly affected by withdrawal of water		—	
EN10	Percentage and total volume of water recycled and reused		—	
Aspect: Biodiversity				
EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		N.A.	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		N.A.	
EN13	Habitats protected or restored		P.116	
EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		—	
Aspect: Emissions				
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)		P.97-102	
EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)		P.97-102	
EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)		P.97-102	
EN18	Greenhouse gas (GHG) emissions intensity		P.97-102	
EN19	Reduction of greenhouse gas (GHG) emissions		P.97-102	
EN20	Emissions of ozone-depleting substances (ODS)		—	
EN21	NO _x , SO _x , and other significant air emissions		—	
Aspect: Effluents and Waste				
EN22	Total water discharge by quality and destination		—	
EN23	Total weight of waste by type and disposal method		P.97-102	
EN24	Total number and volume of significant spills		—	
EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention (2) Annex I, II, III, and VIII, and percentage of transported waste shipped internationally		P.97-102	
EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff		—	
Aspect: Products and Services				
EN27	Extent of impact mitigation of environmental impacts of products and services		P.14-31,58-64	Rule 8,9
EN28	Percentage of products sold and their packaging materials that are reclaimed by category		—	
Aspect: Compliance				
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		—	
Aspect: Transport				
EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce		P.97-102	Rule 8
Aspect: Overall				
EN31	Total environmental protection expenditures and investments by type		—	
Aspect: Supplier Environmental Assessment				
EN32	Percentage of new suppliers that were screened using environmental criteria		—	
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken		—	
Aspect: Environmental Grievance Mechanisms				
EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms		—	

Indicator		Core Indicators	Page No.	GC*
Category: Social				
Sub-category: Labor Practices and Decent Work				
Aspect: Employment				
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region		P.92,96	
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation		—	
LA3	Return to work and retention rates after parental leave, by gender		P.90,91	
Aspect: Labor/Management Relations				
LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements		—	
Aspect: Occupational Health and Safety				
LA5	Percentage of total workforce represented in formal joint management—worker health and safety committees that help monitor and advise on occupational health and safety programs		—	
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender		P.96	
LA7	Workers with high incidence or high risk of diseases related to their occupation		—	
LA8	Health and safety topics covered in formal agreements with trade unions		—	
Aspect: Training and Education				
LA9	Average hours of training per year per employee by gender, and by employee category		P.89,94	
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		P.92-94	
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category		P.92-94	
Aspect: Diversity and Equal Opportunity				
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity		P.68-75, 90-96	
Aspect: Equal Remuneration for Women and Men				
LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation		—	
Aspect: Supplier Assessment for Labor Practices				
LA14	Percentage of new suppliers that were screened using labor practices criteria		—	
LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken		—	
Aspect: Labor Practices Grievance Mechanisms				
LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms		P.91	
Sub-category: Human Rights				
Aspect: Investment				
HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		—	
HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		P.87-89	Rule 1,2
Aspect: Non-discrimination				
HR3	Total number of incidents of discrimination and corrective actions taken		—	
Aspect: Freedom of Association and Collective Bargaining				
HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights		—	
Aspect: Child Labor				
HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor		N.A.	
Aspect: Forced or Compulsory Labor				
HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor		N.A.	
Aspect: Security Practices				
HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations		P.89	
Aspect: Indigenous Rights				
HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken		N.A.	

Indicator	Core Indicators	Page No.	GC*
Aspect: Assessment			
HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	P.87-89	
Aspect: Supplier Human Rights Assessment			
HR10	Percentage of new suppliers that were screened using human rights criteria	—	
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	—	
Aspect: Human Rights Grievance Mechanisms			
HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	P.88	
Sub-category: Society			
Aspect: Local Communities			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	—	
SO2	Operations with significant actual and potential negative impacts on local communities	—	
Aspect: Anti-corruption			
SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	—	
SO4	Communication and training on anti-corruption policies and procedures	P.76-80	Rule 10
SO5	Confirmed incidents of corruption and actions taken	P.78,79	
Aspect: Public Policy			
SO6	Total value of political contributions by country and recipient/beneficiary	—	
Aspect: Anti-competitive Behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	—	
Aspect: Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	—	
Aspect: Supplier Assessment for Impacts on Society			
SO9	Percentage of new suppliers that were screened using criteria for impacts on society	—	
SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	P.102	
Aspect: Grievance Mechanisms for Impacts on Society			
SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	—	
Sub-category: Product Responsibility			
Aspect: Customer Health and Safety			
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	N.A.	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	N.A.	
Aspect: Product and Service Labeling			
PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	N.A.	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	N.A.	
PR5	Results of surveys measuring customer satisfaction	P.109	
Aspect: Marketing Communications			
PR6	Sale of banned or disputed products	N.A.	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	—	
Aspect: Customer Privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	—	
Aspect: Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	—	

Financial Highlights

In the consolidated financial results for fiscal year 2013, net business profit before credit costs increased by ¥1.2 billion year on year to ¥285.8 billion, due to an increase in net fees and commissions and related profit of Sumitomo Mitsui Trust Bank (non-consolidated) and profit contribution from group companies, despite the disappearance of the positive effects from consolidated accounting treatment resulting from the management integration.

Net income increased by ¥3.9 billion year on year to ¥137.6 billion, due to such factors as improvements in total credit costs.

Regarding our year-end dividend, we paid ¥5 per common share according to our policy targeting approximately 30% as a consolidated dividend payout ratio. The annual dividend for the fiscal year was ¥10 per common share, including the ¥5 interim dividend per share we paid in December 2013.

■ Overview of the Financial Results in FY2013

<Consolidated> Sumitomo Mitsui Trust Holdings (Consolidated)

Billions of Yen (Unless specified otherwise)

	FY2013 (A)	FY2012 (B)	Change (A)–(B)	Rate of change
Net Business Profit before Credit Costs	285.8	284.6	1.2	0.4%
Ordinary Profit	258.0	255.0	2.9	1.2%
Net Income	137.6	133.7	3.9	2.9%
Total Credit Costs	9.1	6.1	3.0	49.7%
Return on Equity	7.13%	7.48%	(0.35%)	—
Net Income per Common Shares (Yen)	34.48	31.27	3.21	10.3%
Net Assets per Common Shares (Yen)	511.02	470.71	40.31	8.6%

<Non-consolidated> Sumitomo Mitsui Trust Bank (Non-consolidated)

Billions of Yen (Unless specified otherwise)

	FY2013 (A)	FY2012 (B)	Change (A)–(B)	Rate of change
Net Business Profit before Credit Costs	211.8	210.2	1.6	0.8%
Net Interest Income and Related Profit	215.7	207.2	8.5	4.1%
Net Fees and Commissions and Related Profit	195.7	167.6	28.1	16.8%
Net Trading Profit	24.3	24.1	0.2	0.9%
Net Other Operating Profit	25.6	50.6	(24.9)	(49.3%)
General and Administrative Expenses	(249.7)	(239.4)	(10.2)	(4.3%)
Net Non-recurring Profit, etc.	(23.4)	(19.6)	(3.8)	(19.5%)
Ordinary Profit	188.4	190.6	(2.2)	(1.2%)
Extraordinary Profit	(2.4)	(31.6)	29.1	92.2%
Net Income	116.0	105.1	10.8	10.3%
Total Credit Costs	7.6	5.3	2.2	42.4%

(Note) Amounts less than ¥100 million are rounded down.

<Dividends>

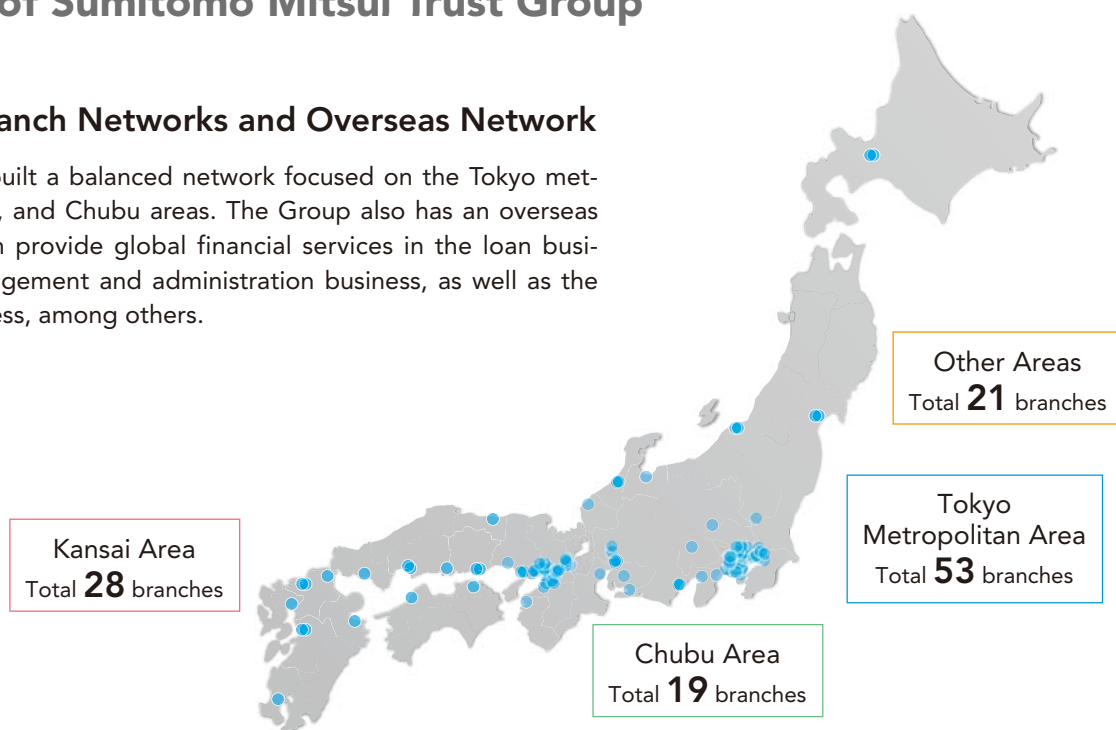
	FY2013 (A)	FY2012 (B)	Change (A)–(B)
Dividend per Share on Common Share (Yen)	10.00	9.00	1.00

Basic Information of Sumitomo Mitsui Trust Group

Network of Sumitomo Mitsui Trust Group

Domestic Branch Networks and Overseas Network

The Group has built a balanced network focused on the Tokyo metropolitan, Kansai, and Chubu areas. The Group also has an overseas network that can provide global financial services in the loan business, asset management and administration business, as well as the consulting business, among others.



Domestic Branch Network (as of December 31, 2014)

	Branches	Consulting Plaza and Consulting Offices
Tokyo Metropolitan Area	53 (43.8%)	22
Kansai Area	28 (23.1%)	5
Chubu Area	19 (15.7%)	1
Other Areas	21 (17.4%)	0
Total	121 (100.0%)	28

Balanced domestic branch network, focused on the Tokyo metropolitan, Kansai, and Chubu areas

Overseas Network (as of December 31, 2014)

[U.S.]

- New York Branch
- Sumitomo Mitsui Trust Bank (U.S.A.) Limited (Banking, Trust Businesses)

[Europe]

- London Branch
- Sumitomo Mitsui Trust International Limited (Securities Business)
- Sumitomo Mitsui Trust Bank (Luxembourg) S.A. (Trust, Banking, Securities Businesses)
- Sumitomo Mitsui Trust (Ireland) Limited (Trust Business)
- Sumitomo Mitsui Trust (UK) Limited (Trust Business)

[Asia]

- Singapore Branch
- Shanghai Branch
- Hong Kong Branch
- Beijing Representative Office
- Beijing Representative Office (Securities Business)
- Zijin Trust Co., Ltd. (Trust, Finance Businesses)
- Sumitomo Mitsui Trust (Hong Kong) Limited (Securities Business)
- Jakarta Representative Office
- Seoul Representative Office
- Bangkok Representative Office

An overseas network that can provide global financial services

Basic Information of Sumitomo Mitsui Trust Group

Corporate Information (as of September 30, 2014)

Registered Trade Name:	Sumitomo Mitsui Trust Holdings, Inc.
Headquarters Location:	1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan
Date of Establishment:	February 1, 2002 (Change of trade name: April 1, 2011)
Main Business:	<p>With trust banking at its core, Sumitomo Mitsui Trust Holdings, Inc., will focus on the management of business operations, as the holding company of Sumitomo Mitsui Trust Group, and sets the following (1) - (6) as its key functions:</p> <ul style="list-style-type: none"> (1) Formulating group management strategy (2) Monitoring administration of business activities (3) Allocation of management resources (4) Supervising risk management (5) Supervising compliance management (6) Managing internal auditing
Capital:	261,608,725,000 Yen
Stock Exchange Listings:	Tokyo, Nagoya Stock Exchanges Tokyo (Primary), Nagoya (Primary)
Securities Code:	8309

Basic Information of Sumitomo Mitsui Trust Group

Rating Information (as of December 31, 2014)

		Long-term	Short-term	Financial
Sumitomo Mitsui Trust Holdings	JCR	AA-	—	—
	R&I	A	—	—
Sumitomo Mitsui Trust Bank	S&P	A+	A-1	—
	Moody's	A1	P-1	C
	Fitch	A-	F1	a-*
	JCR	AA-	—	—
	R&I	A+	a-1	—

* Viability Rating

Issued: February 2015

Sumitomo Mitsui Trust Holdings, Inc.
Corporate Planning Department, CSR Promotion Office

1-4-1, Marunouchi, Chiyoda-ku Tokyo 100-8233, Japan

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URL: <http://smth.jp/en/csr/index.html>



Sumitomo Mitsui Trust Holdings, Inc.

2014 Corporate Social Responsibility Report — Questionnaire

Sumitomo Mitsui Trust Holdings, Inc.
Corporate Planning Department, CSR Promotion Office
Facsimile: 81-3-3286-8741

Q1

What was your impression of the CSR Report as a whole?

- ☒ Content ☐ Substantial ☐ Acceptable ☐ Inadequate
☒ Readability ☐ Easy to read ☐ Normal ☐ Difficult to read

Q2

How do you evaluate our CSR efforts described in this report?

- ☐ Very Good ☐ Good ☐ Satisfactory ☐ Weak ☐ Insufficient

Q3

What items in the report interested you, or left an impression? (Feel free to check multiple items)

- ☒ ☐ Management Commitment ☐ Creating Shared Value through Strategic CSR
☐ Related Pages on United Nations Global Compact, Sustainability Policy, and ISO 26000 ☐ Materiality in Sumitomo Mitsui Trust Group CSR Management
☐ Our Business Model ☐ Status of Group Businesses
☒ Process 1 ☐ Addressing Climate Change Using Financial Capabilities ☐ Addressing Natural Capital Using Financial Capabilities
 Banking ☐ Addressing the Issues of a Super-Aging Society by Using Our Financial Functions ☐ Various Solutions Using Trust Functions
 Asset Management and Administration ☐ ESG-themed Initiatives in Our Asset Management Businesses
 Real Estate ☐ ESG-themed Initiatives in Our Real Estate Businesses
☒ Process 2 ☐ Corporate Governance, Internal Control ☐ Compliance System
 ☐ Efforts to Conduct Fair Business Activities ☐ Risk Management
 ☐ Human Rights and Sumitomo Mitsui Trust Group ☐ Employees and Sumitomo Mitsui Trust Group
 ☐ Environmental Burden Reduction Initiatives ☐ Initiatives to Earn the Trust of Clients
☒ Process 3 ☐ Activities across Japan ☐ Initiatives to Promote "With You" Activities
☒ ☐ CSR of Sumitomo Mitsui Trust Group: Accession to International Guidelines for Corporate Conduct, etc., and Related Activities
 ☐ GRI Content Index ☐ Financial Highlights
☐ Network of Sumitomo Mitsui Trust Group, Corporate Information, Rating Information

Q4

Please write your impressions and comments including your positive opinions about the report and the areas that should be improved.

Q5

In what capacity did you read this report?

- ☐ Retail Customer ☐ Corporate Customer ☐ Shareholder/Investor ☐ Corporate CSR Manager
☐ Researcher/Educator ☐ NPO/NGO Member ☐ Media Representative ☐ Government Employee
☐ Student ☐ Sumitomo Mitsui Trust Group Employee ☐ Other (please specify:)

Name: _____ Occupation/Company (Title): _____

Address: _____

Tel: _____

This questionnaire is solely for the improvement and enhancement of the content of our CSR Report. We will not use your personal information obtained through this questionnaire for any other purposes. We appropriately manage personal information.