

2006

CORPORATE SOCIAL RESPONSIBILITY REPORT



Sumitomo Trust
& Banking Co., Ltd.

Purpose of this Report

At The Sumitomo Trust & Banking Co., Ltd.,* CSR (Corporate Social Responsibility) is not merely a corporate buzzword. Rather, we have positioned it as a key element of management to accomplish sustainable growth and development, and above all we seek to create social value through our core financial instruments and services. Over three years have passed since we became one of the first in the Japanese banking industry to begin working on CSR as part of a management strategy.

We have issued this report to explain Sumitomo Trust's CSR-related activities to all our stakeholders in an easy-to-understand manner. In this 2006 edition, the third publication of its kind, we have edited the report with the focus on making it even easier to read than last year's so as to accurately describe to our readers Sumitomo Trust's CSR activities, which have been making steady progress.

We have prepared a questionnaire at the end of this Report to receive your comments, and thereby enhance interactive communication. Please let us know your frank opinions.

Organization covered by this Report:

Head office and domestic branches of Sumitomo Trust, as well as some overseas branches and Group companies.

Target readers:

Sumitomo Trust's diverse stakeholders: customers, shareholders, investors as well as employees, local communities, governments, NPOs, and NGOs.

Period covered by the Report:

Fiscal year 2005 (April 1, 2005 – March 31, 2006) (as well as some information that was available prior to the fiscal year 2005 and recent information up to July 2006).

Next Report scheduled to be issued:

September 2007

Website URL:

http://www.sumitomotrust.co.jp/IR/company/index_en.html

References:

Sustainability Reporting Guidelines 2002,
GRI (Global Reporting Initiative).

* Hereinafter Sumitomo Trust.

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

Teigo Iba, Second Director General of the Sumitomo Family Enterprise

These words are said to have been spoken by Teigo Iba, Second Director General of the Sumitomo Family Enterprise, at the time of his inauguration as Director General in 1900. Sumitomo Trust places the greatest importance on this principle in our efforts to promote corporate social responsibility (CSR).

In the globalized world today, it may be more appropriate to replace “nation” with “world” or “the earth/globe” and “businesses contributing to society” with “businesses contributing to society’s sustainable growth”. If so, the saying of one of our founders is still relevant today, a century later. We even think that it best grasps the essence of CSR.

Financial business is highly public by nature. For a financial

institution, therefore, operating its main business in a sound manner is itself a very important social responsibility. Going beyond this, Sumitomo Trust, which has inherited the Sumitomo spirit, considers the identification of issues relevant to the sustainable development of society and the continual creation of financial business models that will contribute to the solution of these issues to be one of the key themes of CSR.

We hope that these will become businesses that “benefit Sumitomo Trust itself”. We believe that our efforts to formulate solutions to social issues will lead to the creation of new business opportunities and to the enhancement of our corporate value.

Sumitomo Trust's Basic Policy Regarding CSR Activities

Sumitomo Trust's basic policy regarding CSR is that through CSR we should make a contribution to the sustainable growth of society while enhancing our own corporate value. CSR, therefore, is an integral part of our management strategy and one of the ways in which we attempt to differentiate ourselves from other companies.

Furthermore, CSR is the core around which to cultivate a corporate culture relevant to the new era. It is also the base on

which to enhance our employee's awareness of social responsibility, and on which to foster the enterprising spirit of our employees, which sees efforts to develop solutions to social issues as business opportunities.

In order to clarify the basic stance of Sumitomo Trust Group towards CSR and the attitudes that employees are expected to have, we formulated the "Social Activity Charter" in December 2003. Along with the "Ethics Charter of Sumitomo Trust", the "Social Activity Charter" has provided guidelines for all directors and employees with respect to their CSR conduct.

Social Activity Charter (formulated December 2003)

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

1. Pursue sustainable social development

We shall target the sustainable growth of society while maximizing our own corporate value.

2. Create new levels of value and foster economic development

Responding swiftly to the expectations of society, we shall deliver high-quality financial products and services, as well as pursue highly ethical business practices, in order to create new levels of value and contribute to economic development.

3. Protect the natural environment

To preserve our natural heritage for future generations, we shall seriously and proactively tackle environmental issues, including protection of ecosystems and preservation of biological diversity, by taking full advantage of our financial capabilities.

4. Respect human rights

Recognizing that there is no asset as valuable as our people, we shall respect the personality and individuality of each and every person, in order to foster prosperity in our communities.

5. Comply with regulations

Demonstrating our role as a good corporate citizen, we shall adhere strictly to all laws, regulations, and social rules so that we can fulfill our responsibility as an important member of society.

Ethics Charter of Sumitomo Trust (formulated April 1998)

1. Securing unwavering trust from society

2. Providing products and services meeting the expectations of society and adapting to changes

3. Strict adherence to laws and social regulations

4. Spirit of open-mindedness, generosity and respect of one's personality and individuality

5. Strong stand against anti-social elements

6. Transparency of management at all times

Top Message



Atsushi Takahashi, Executive Chairman



Yutaka Morita, President and CEO

Teigo Iba was the Second Director General of the Sumitomo Family Enterprise and the man who first developed the Sumitomo Business Spirit. One of his most beloved sayings was a quotation from the Zen treatise “The Discourse on the Inexhaustible Lamp of the Zen School”: “a kunshi [a person of great virtue] loves wealth but knows there is a right way to get it”. This means that a kunshi does not consider the obtaining of wealth to be contemptible, but knows that there is a right way to go about doing it, and that this way must be kept in mind at all times.

In the past one or two years in Japan, there have been a series of dramatic battles with respect to corporate acquisitions. With some of these acquisitions, it was difficult to understand who the acquisition benefited, or what purpose it served, and we suspect many people have their doubts about this business approach in which anything is permitted, as long as you do not actually break the law.

Companies exist to pursue profit. Nonetheless, if they do not go about it in the “right way” they will not be able to pursue

profit sustainably. Looking at overseas examples as well, it is apparent that there are many cases where acquisitions carried out purely for profit ended in failure because, for example, they alienated the employees of the acquired company.

Sumitomo Trust Group began full-scale CSR activities in 2003, so as of this year, these activities have been under way for three years. The belief that CSR is essential for Sumitomo Trust itself is gradually gaining ground among our employees, and it is our expectation that this corporate climate which understands and places importance on CSR will lead to a corporate structure which places importance not only on profit, but also on a symbiotic relationship with stakeholders while generating stable and balanced growth.

From this perspective, we have clearly stated our belief that CSR activities lead to the enhancement of corporate value by following the five paths of “business revitalization”, “enhancement of corporate brand”, “better human resources management”, “cost management and reductions”, and “reinforced risk management”. In this report too, we introduce the CSR activities that we

have worked on through our main business activities (daily business activities) categorized according to the five paths.

In each of the paths, there are stakeholders with whom we have deep relationships. For example in the “business revitalization” path, there are customers with whom we share the aspiration to form a sustainable society and to whom we provide new financial instruments and services. In the “better human resources management” path, there are the employees to whom we provide opportunities for self-realization through such means as our fair and open personnel system.

We must constantly pursue the enhancement of corporate value and benefit for stakeholders in an integrated manner. We believe that we need to adopt the “customer-orientated” approach that Sumitomo Trust pursues in its business activities as a “stakeholder-orientated” approach in our CSR activities.

At the same time, in recent years, the idea of utilizing financial capabilities as a means to solve environmental issues has gained prominence throughout the world, including Japan. Since last year, there have been a series of efforts in this area including the Tokyo Metropolitan Government’s Environmental Finance Project and the Ministry of the Environment’s Environment and Finance Advisory Committee, among others.

Financial institutions handle “money”—the lifeblood of the economy. Utilizing financial capabilities to create a flow of new “money” to be used in tackling environmental issues has social value in and of itself, and I believe that this is a theme that Sumitomo Trust must tackle actively as a financial institution.

In particular, Sumitomo Trust is expected to take full advantage of its characteristics as a trust bank combining banking functions and trust functions. In the last fiscal year, we have not only carried out investments, but have also utilized our trust functions, such as real estate trusts and real estate brokerage, and supported fund management. One example is the

Eco-Land-Fund, a fund for the purchase and rehabilitation of land with polluted soil, in which Sumitomo Trust is the largest investor. It is said that nationwide, there are housing lots and old factory sites that have been abandoned due to soil pollution that are worth a total of ¥5 trillion. Through this scheme we plan to contribute to the greatest extent possible to the liquidation of these assets.

Of course social issues in Japan and overseas in the 21st century do not end with environmental issues. There are a huge number of issues including poverty and population issues (within Japan population issues include the rapid decline in the birth rate and the aging of society), increasing crime, declining quality of education, and many more. If a company neglects these issues, there is a risk that in the long term, that neglect will lead to the corrosion of its own business foundation. In that sense, the company is one of the parties affected by such problems.

We are aware that Sumitomo Trust is also one of the parties affected by these social issues, and we hold the view that initiating specific actions to resolve such issues is a part of our corporate social responsibility. In particular, financial institutions are expected to create new flows of “money” directed to the solution of these issues, just as in the case of the environmental finance we mentioned above, and they are also expected to support activities at the grass roots level involving local communities, NPOs, and others, both in their branches, and elsewhere. We intend to utilize the various financial capabilities of the Sumitomo Trust Group in order to meet those expectations.

As we stated above, three years have passed since we began our CSR activities, and they have reached a turning point. Although in this fiscal year we have made a new start toward the next stage, we feel we still have a way to go. We welcome your candid opinions and comments, which we hope will help us to further improve our efforts.

September 2006

Executive Chairman

Atsushi Takahashi

President and CEO

Yutaka Morita

Five Paths for Enhancing Corporate Value

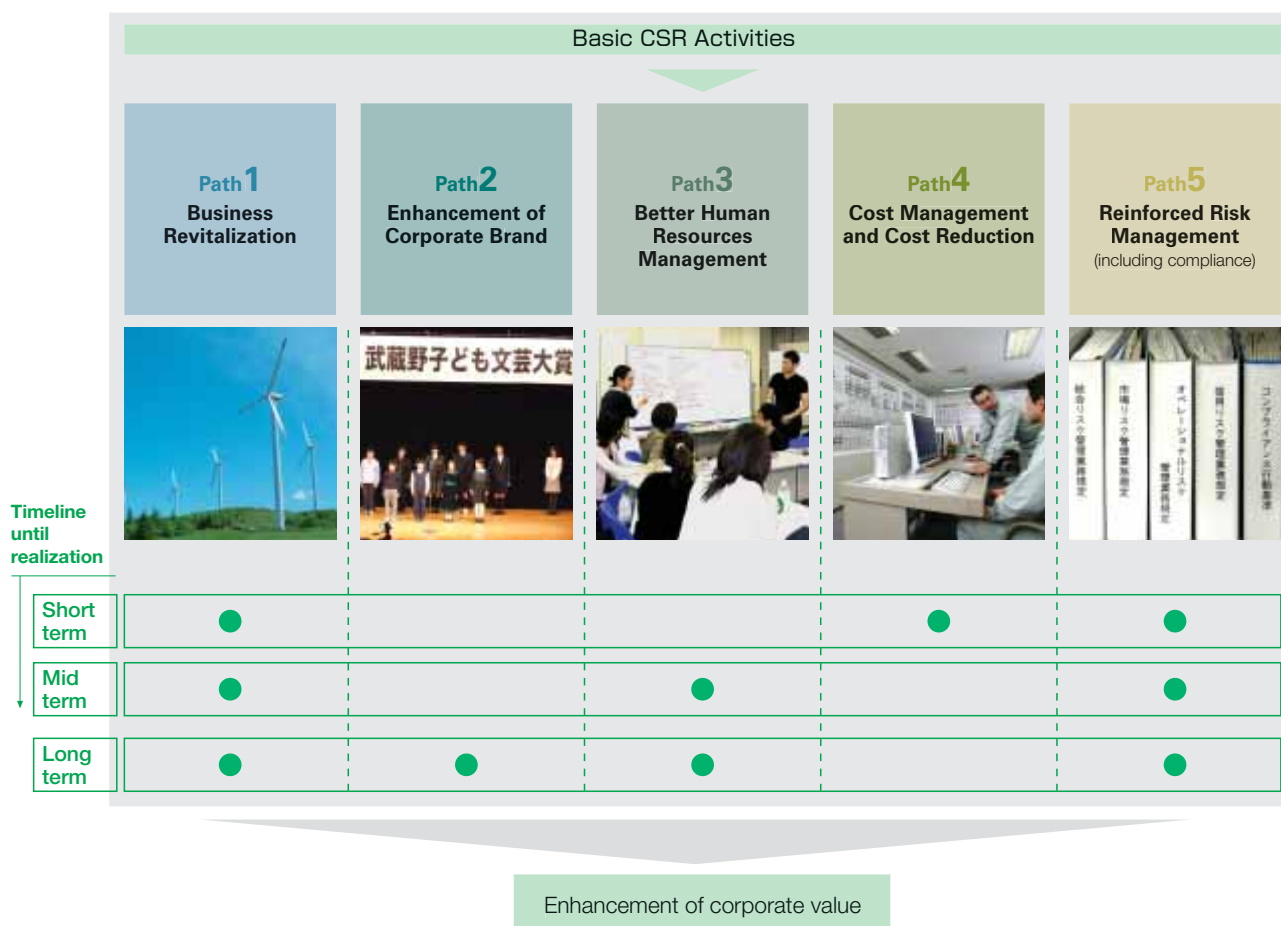
Process of Enhancement of Corporate Value (Five Paths and Our Portfolio of CSR Efforts)

Sumitomo Trust is pursuing the enhancement of its corporate value by promoting CSR. We have analyzed and examined how each of our CSR activities in various areas will lead to the enhancement of corporate value, and formulated a concept of five paths which we should follow in our CSR efforts.

These five paths are “business revitalization”, “enhancement of corporate brand”, “better human resources management”, “cost management and reductions”, and “reinforced risk management”. Sumitomo Trust has laid down policies for implementing concrete CSR activities in line with these five paths which we take as our interim goals.

Among the five paths, “cost management and reductions”, for example, may provide a relatively quick result in terms of enhancing corporate value through our efforts to compress costs, while a path like “enhancement of corporate brand” will take more time to produce results. As such, Sumitomo Trust has set a timeline for the realization of each path. In these ways, Sumitomo Trust grasps its CSR activities as a two-dimensional business portfolio consisting of the five paths to follow and the timelines for the realization of these paths.

Five Paths for Enhancing Corporate Value and Our Portfolio of CSR Efforts



The Five Paths

Path 1 Business Revitalization

In recent years the idea of utilizing financial capabilities and other market mechanisms to solve the problem of global warming, which is a typical issue that needs to be addressed by society in order to achieve sustainable development, has gained prominence. It is desirable for financial institutions to develop original ideas as they advance efforts to find solutions to these issues.

Furthermore, such a form of business revitalization meets the genuine needs of society, and provides financial institutions with medium- and long-term business opportunities. Sumitomo Trust places a great emphasis on the planning and promotion of new financial business models that will contribute to the environment and the sustainable growth of society, and to the enhancement of Sumitomo Trust's corporate value. Development of new products and services is being promoted, with the Corporate Planning Department (Corporate Social Responsibility Office) acting as an incubator.

Path 2 Enhancement of Corporate Brand

Through various social contribution activities and earnest dialogue with our stakeholders such as customers, local communities, NPOs, and NGOs, we hope to promote widespread understanding of the fact that Sumitomo Trust aims to be a corporate citizen that contributes to the development of society.

Being a "good corporate citizen" is part of a corporate brand that is the starting point for all business activities. This causes Sumitomo Trust's customers to have greater trust and satisfaction in dealing with us, and provides our employees with greater pride and satisfaction in working for us, culminating in the enhancement of corporate value.

Path 3 Better Human Resources Management

Sumitomo Trust states in its Social Activity Charter that "recognizing that there is no asset as valuable as our people, we shall respect the personality and individuality of each and every person, in order to foster prosperity in our communities". In order to fulfill this obligation we shall endeavor to create a workplace environment in which each and every employee can grow to his or her potential. For example we are working to enhance our fair and open personnel evaluation system, and our human resources development program, as well as promoting participation by women.

Human resources are a valuable social asset as well as the foundation for society to achieve sustainable development. Sumitomo Trust intends to develop human resources that will support the enhancement of our corporate value by bringing out their full potential and to provide a human resources management system that will support the development of human resources. We also intend to foster human resources that can truly make a contribution to society.

Path 4 Cost Management and Cost Reduction

Although the burden placed on the global environment by financial institutions is relatively small when compared to manufacturing industries, financial institutions are also expected to make an equivalent contribution in terms of measures to counter global warming and the formation of a recycling-oriented society. The Environmental Policy formulated by Sumitomo Trust in May 2005 stipulates that "we will be environmentally conscious at the office at all times with regard to matters such as conserving resources and energy and meeting green procurement standards". We are endeavoring to reduce the burden our activities place on the environment.

Conservation of energy and resources leads to cost reductions. Furthermore, taking a CSR perspective when selecting equipment suppliers has the benefit of enabling the company to avoid a variety of risks related to the supply chain. Environmental friendliness at each office, therefore, will also contribute to enhancing the corporate value of Sumitomo Trust.

Path 5 Reinforced Risk Management

In recent years, there have been many cases where corporate misconduct has led a company to a fatal crisis. Preventing a decline in our corporate value by strict adherence to laws and social regulations is the minimal responsibility of a company toward all of its stakeholders. As the risks facing financial institutions become more complex and diverse, we need to vigorously promote risk management.

The reinforcement of an internal control system incorporating risk management is also necessary from the perspective of corporate governance. Sumitomo Trust is endeavoring to enhance its total corporate value in the medium and long terms by further enhancing corporate governance and improving the transparency of management.

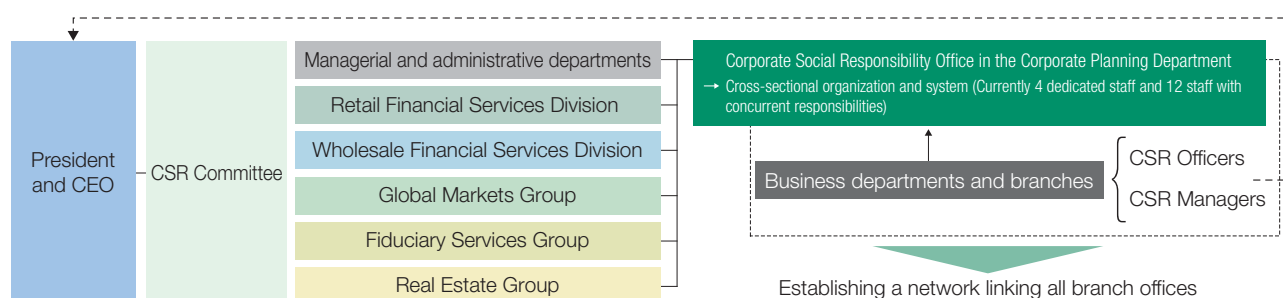
System for Promoting CSR Activities

Organization for Promoting CSR

In June 2003, Sumitomo Trust started full-fledged implementation of CSR activities. Since then, the CSR Committee consisting of the Executive Chairman, President and managing executive officers has been deliberating basic CSR-related strategies and monitoring the progress of in-house CSR initiatives.

Meanwhile, the Corporate Social Responsibility Office of the Corporate Planning Department has been acting as the control tower for activities aimed at fulfilling CSR. In fiscal year 2004, we started posting CSR Officers and CSR Managers to all domestic and overseas branches and offices and set up a system for promoting CSR activities in a bottom-up manner.

CSR Promotion System



Promotion of CSR Activities

It is essential for all employees to raise their awareness of the significance of CSR and to work cooperatively to make their efforts effective. To this end, we distribute the Charter Card with the printed copies of the Ethics Charter of Sumitomo Trust and the Social Activity Charter to all directors and employees, and ask them to sign their names on it and carry it with them. In addition, we have been making efforts to raise the awareness of employees by displaying posters of our CSR activities at our branches and offices and disseminating information introducing the efforts of the branches and offices through our in-house intranet (Sumitomo Trust Knowledge Bank).

We also hold internal study meetings for all branches and offices, as well as “Discussion Sumitomo Trust”, which is targeted mainly at our younger employees.

The internal study meetings aim to make CSR more widely known through direct visits to branches and offices by members of the Corporate Social Responsibility Office to explain and answer questions regarding CSR trends, our position on CSR, and the CSR promotion system, as well as to give advice to branches and offices regarding their activities (21 meetings were held in fiscal year 2005).

Meanwhile, any staff who wish to participate are invited to discussion forums to share the issues they are aware of in their

daily lives and to extensively discuss the role of Sumitomo Trust, including CSR. In fiscal year 2005, we implemented an expanded version of this discussion forum and discussions and exchanges were carried out more vigorously than ever at branches and offices in various regions (58 forums were held in fiscal year 2005).

In addition, Sumitomo Trust pays attention to the consistency of our CSR policy and overall management strategy. We not only set goals for the CSR activities of each business group and incorporate CSR in our company-wide business plan, but also request each business department to submit its policy for the fiscal year to the Corporate Social Responsibility Office.

Signed the International Principles for Corporate Behavior

In order to “be a good corporate citizen, strictly adhere to all laws, rules and social standards, and fulfill our responsibility as an important member of society” in a globalizing society, it is necessary for us to have a global perspective on our conduct. For this reason, Sumitomo Trust signed and indicated its participation in the UN Global Compact and the UNEP Finance Initiative (UNEP FI) Statements.

The UN Global Compact was proposed by UN Secretary-General Kofi Annan and seeks to advance ten universal principles in the areas of human rights, labor, the environment, and anti-corruption. Sumitomo Trust signed the Compact in July 2005.

In the future, we would like to spread the spirit of the ten principles while incorporating them into our corporate activities.

External Evaluation of Sumitomo Trust's CSR (Incorporation into an SRI index, etc.)

In external recognition of our CSR efforts, Sumitomo Trust has been selected as a component of the Ethibel Excellence Index for 2005 provided by Ethibel (Belgium), a major international SRI index provider. Using a unique assessment system which takes into account not only financial criteria but also social environmental and ethical criteria, Ethibel evaluates the corporation in terms of social responsibility and decides whether or not to include the company in its investment universe.

Domestically, we were also included in the Morningstar Socially Responsible Investment Index for two consecutive years in 2004 and 2005, and ranked first in the banking division in the 2005 CSR Ranking by Nikkei Business magazine.



UN Global Compact



(Human Rights)

- Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2. make sure that they are not complicit in human rights abuses.

(Labour Standards)

- Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4. the elimination of all forms of forced and compulsory labour;
- Principle 5. the effective abolition of child labour; and
- Principle 6. the elimination of discrimination in respect of employment and occupation.

(Environment)

- Principle 7. Businesses should support a precautionary approach to environmental challenges;
- Principle 8. undertake initiatives to promote greater environmental responsibility; and
- Principle 9. encourage the development and diffusion of environmentally friendly technologies.

(Anti-Corruption)

- Principle 10. Businesses should work against all forms of corruption, including extortion and bribery.

Summary of Sumitomo Trust's CSR Activities

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Path5: Reinforced Risk Management	Special Feature: Establishing a Risk Management Structure (Interviewee: Corporate Risk Management Department, Shinsuke Sakai)		40-41
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	Compliance and Personal Data Management		43



In recent years the idea of utilizing financial capabilities and other market mechanisms to solve global warming and other environmental issues has gained prominence. It is desirable for financial institutions to develop original ideas as they advance efforts to find solutions to these issues. Furthermore, this kind of business revitalization meets the genuine needs of society, and provides financial institutions with medium-and long-term business opportunities.

In this chapter we present our efforts to develop the “environmental finance business” and other new financial businesses—CSR financial business—which will contribute to both the sustainable growth of society and the enhancement of the corporate value of Sumitomo Trust itself.

Eco-Land-Fund Investment

It has been reported that old housing and factory sites worth five trillion yen are affected by soil contamination. The “Eco-Land-Fund” revitalizes such polluted real estate. We spoke with Mr. Goto in the Real Estate Investment Advisory Department regarding the importance of this fund and why Sumitomo Trust invests in it.

Q: Why does soil contamination prevent the liquidation of properties?

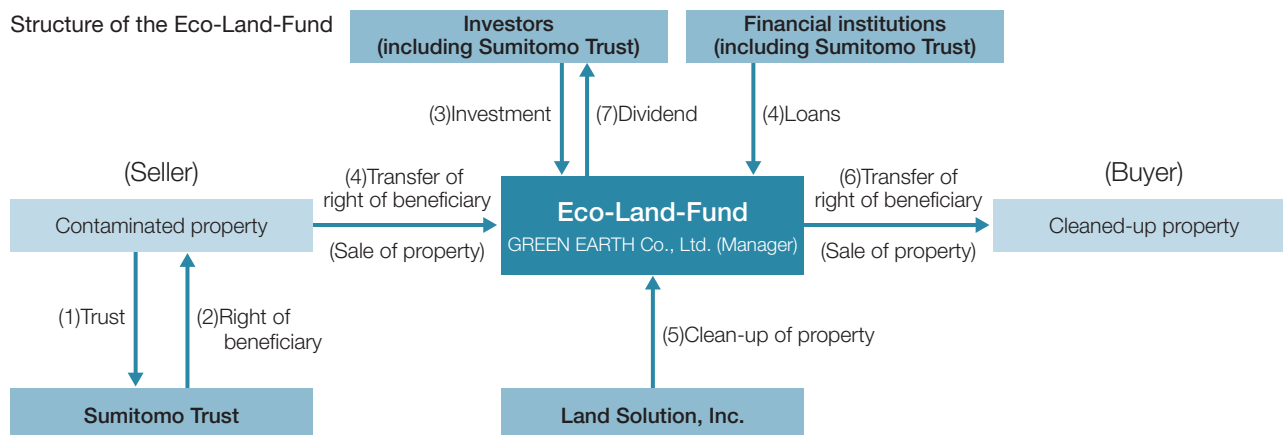
Before a property is bought or sold, the buyer conducts various tests on the property. Recently, environmental tests to check the land’s level of contamination from its past usage have been gaining attention.

By performing these tests, a more detailed examination of the property can

Interviewee

TOMOYUKI GOTO

Real Estate Investment Advisory Department



be done and the cost and time of any necessary clean-up work can be clarified in the event there are indications of possible soil contamination. Also, responsibility for the clean-up work and its cost can be determined between the seller and buyer. There are many cases in which a property that has possible soil contamination does not sell owing to the lack of a buyer or seller who can take responsibility for cleaning up the contaminated soil.

Q ■ What role does the Eco-Land-Fund play in solving this problem?

The Eco-Land-Fund purchases these properties after appropriately assessing their value. We conduct additional tests and clean-up operations, and then put them back on the market.

The Eco-Land-Fund helps to facili-

tate real estate market transactions. A seller can find a real estate buyer more quickly and a buyer can lower his risk of purchasing contaminated property.

Q ■ Why has Sumitomo Trust invested in the Eco-Land-Fund?

Investing in the Eco-Land-Fund enables us to simultaneously achieve Sumitomo Trust's ideals of contributing to society through our CSR activities and securing revenues in our main business.

First, the revenues that are generated by this investment come from meaningful economic activity that involves the socially useful action of revitalizing land, which we believe is an appropriate CSR activity.

One other important reason is that Sumitomo Trust itself is a business specialist involved in real estate transactions, brokerage, financing and other related

activities. The real estate know-how we possess can be used to provide the Fund with expertise which is useful for helping to lower risk. Also, we can use our trust fund, capital supply, real estate brokerage and other business functions to become involved in the business actions associated with some of the property revitalization projects handled by the Fund, which can lead to a variety of synergistic benefits.

Environmental Activities

Providing Housing Loans for Environmentally Friendly Houses

Household electricity consumption has been rising year by year. Reducing CO₂ emissions generated by households has become one of the important issues in formulating measures to counter global warming.

Starting first with a tie-up with Sekisui Chemical Co., Ltd. in March 2004, Sumitomo Trust is now also working with PanaHome Corporation, Kubota Corporation, and SANYO Homes Co., Ltd. to provide preferential interest rate loans for the purchase of environmentally friendly houses with built-in solar power generation systems. We started to provide preferential interest rate loans for all-electric homes in November 2004 and for gas energy conservation homes in May 2005, which has helped to expand our line-up of housing loans for environmentally friendly detached housing.



Apartment Environmental Efficiency Label

As for apartments, in November 2005 we developed a preferential rate housing loan (see page 16) which is based on the “apartment environmental performance disclosure system” that is one element in the Tokyo Metropolitan Government’s Environmental Financing Project. This loan offers a preferential interest rate of no more than 1.2%, which is below our regular rates, based on the environmental efficiency of newly built apartments in the Tokyo metropolitan area with a total floor space of more than 10,000 square meters. The first project to qualify for the preferential 1.2% interest rate was the Shellze Kiba Koen built by Meiho Enterprise Co., Ltd., which was built using external heat insulation techniques.

Financing Environmentally Conscious Projects

Sumitomo Trust is involved in helping to finance environmentally conscious projects such as wind power businesses, and management and maintenance of industrial waste processing and recycling facilities. In addition to new investment in wind power generation projects, which we also undertook in 2005, we are also financing a project to produce biomass ethanol, a product which is expected to be a replacement for gasoline.

Examples of Financing Environmentally Conscious Projects (Fiscal Year 2005)

Project	Client	Outline	Sumitomo Trust Investment/Total Investment (100 millions of yen)	Timing for Contract Conclusion
Biomass Ethanol Production Project	Bioethanol Japan Kansai (Shareholders: Taisei, Daiei Inter Nature System, Marubeni, Tokyo Board Industries, Sapporo Breweries)	Financing of a biomass ethanol project in Osaka Prefecture. Waste lumber products and other biomass is processed using dilute sulfuric acid and then fermented using special bacteria. After this is done a new technology is used to extract ethanol (this is the first example in the world of commercializing technology for producing ethanol). From the perspective of reducing burden on the environment, the need for recyclable resources & recycled energy is growing in importance. Biomass ethanol is expected to play a role as a substitute for gasoline. The project is being coordinated with public support from Japan’s Ministry of the Environment.	27/40	March 2006
Soyamisaki Wind Power Generation Project	Eurus Energy Soya (Shareholders: Eurus Energy Japan)	Construction of a 57,000kW capacity (57 units of 1,000kW turbines) wind power generating station in Wakkanai City, Hokkaido to provide stored energy for a 17-year period.	20/87	March 2006
Hachiryu Wind Power Generation Project	MWINS Hachiryu (A 100% subsidiary of MWINS, which is a 100% subsidiary of Meidensha)	Construction of a 25,500kW capacity (17 units of 1,500kW turbines) wind power generating station in Mitane Town (formerly Hachiryu City), Yamamotogun, Akita Prefecture to provide stored energy for a 17-year period.	6.75/22.5	January 2006

Energy Conservation Finance

It goes without saying that energy conservation comes first as a measure against global warming. It comes even before the introduction of new energy sources such as wind power and biomass. Sumitomo Trust is engaged in exploring and providing various kinds of financing options for office buildings and intermediate-size companies to support energy conservation such as leasing of Energy Service Company (ESCO) equipment.

Environmentally Conscious Activities That Make Use of Our Expertise in Real Estate

Environmentally Conscious Construction Consulting

Sumitomo Trust provides “Environmentally Conscious Construction Consulting” during the construction design stage for buildings and other structures. The advice offered concerns energy conservation, landscape friendly features, longer building lifespans, use of recycling systems etc. In order to meet the growing customer needs in this field, in June 2006 we established the Architecture Consulting Department and we have enhanced our consulting structure by deploying more staff with outstanding expertise.

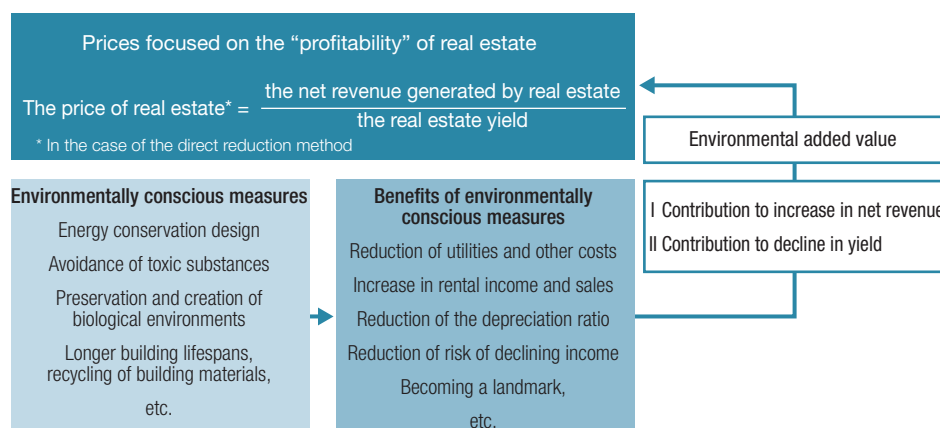
Our Efforts to Address the Soil Contamination Countermeasures Law

In addition to the Eco-Land-Fund (see pages 12-13), Sumitomo Trust is making efforts to tackle soil contamination problems in a variety of other ways, such as taking advantage of its brokerage business tie-up with Shimizu Corporation to undertake examinations of property histories, and a tie-up with Property Risk Solution, Inc., which offers soil contamination consulting.

Exploring Ways of Adding Environmental Value to Real Estate

In October 2005, a report written by an employee at Sumitomo Trust entitled “An Exploration of Real Estate ‘Environmental Added Value’” was selected to receive top prize for a publication awarded by the Tokyo Association of Real Estate Appraisal on the occasion of the Association’s tenth anniversary. The Association’s comment on the report was: “We highly value their effort to tackle the theme, environmental added value. This field is no doubt an important area in the business of real estate appraisal, but has not been addressed properly owing to its lack of commercial practicality (excerpt from the Association’s website)”. Real estate professionals are interested in the report for its systematic approach to addressing the theme of raising property value through reducing inherent environmental risk.

Conceptual Diagram of Environmental Added Value



Working with Government Agencies

Financial Institutions and Government Agencies

In today's world, an increasing number of government agencies are using not only regulatory measures and subsidies but also financial capabilities to create solutions to environmental problems.

Sumitomo Trust has given renewed consideration to the importance of cooperating with government agencies in carrying out financial business projects designed to invest in solutions to various kinds of social problems. In particular for environmental issues, we have strengthened our cooperation with international organizations and national and local governments to develop new products.

United Nations Environment Program Finance Initiative (UNEP FI) Tokyo Principles

The Tokyo Principles adopted and announced at the 2003 UNEP FI Tokyo Global Roundtable became the guideline for Sumitomo Trust's company policies to pursue CSR-based business innovation.

The "Tokyo Principles" urge financial institutions to:

Endeavor to actively select businesses that contribute to environmental protection and sustainable development, support these in their investment, and also strive to spread products that contribute to environmental protection and the sustainable development of society through the development and sales of insurance, asset management and other financial instruments.

Furthermore, we have signed the Principles for Responsible Investment (see page 17) after our close cooperation and coordination with the UNEP FI office.



Tokyo Metropolitan Government & Tokyo Governor Environmental Prize ceremony

Tokyo Metropolitan Government's Environmental Finance Project

Sumitomo Trust is actively involved in the "Environmental Finance Project" started by the Tokyo Metropolitan Government in May 2005. In this project, the Tokyo metropolitan government requested that financial institutions support environmentally friendly projects conducted by companies and citizens of Tokyo through the provision of financial instruments.

As a part of the project, in October 2005 Sumitomo Trust launched preferential housing loans based on the "apartment environmental performance disclosure system" city regulation. This project received the Fiscal Year 2006 Environmental Prize awarded by the Governor of Tokyo on behalf of the Tokyo Metropolitan Government and was awarded a letter of appreciation by Shintaro Ishihara, the Governor of Tokyo.



Environment and Finance Advisory Committee

Ministry of the Environment's Environment and Finance Advisory Committee

In order to participate in discussions and deliberations concerning the important role the financial community can play in environmental policy-making, Sumitomo Trust became a representative corporate member of the Environment and Finance Advisory Committee established by the Ministry of the Environment in March 2006

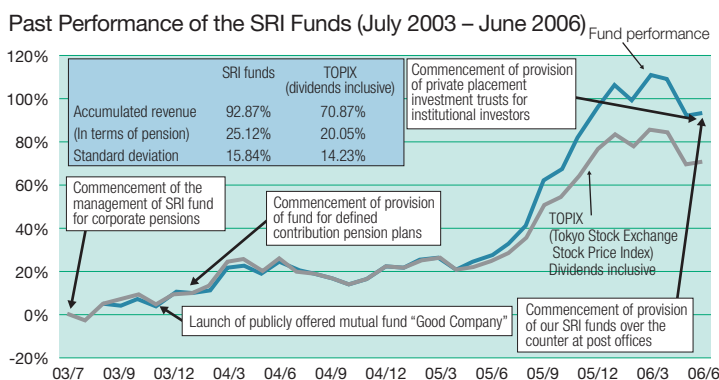
This advisory committee is actively engaged in discussions about: 1) expanding the market for socially responsible investment (SRI), in which more than 1,500 trillion yen in individual financial assets could be effectively invested, and 2) enhancing structures to promote such investment and lending. Sumitomo Trust's active contributions to the advisory committee include introducing financing schemes that utilize our trust functions and our SRI-related efforts.

Socially Responsible Investment

Sumitomo Trust's Activities

Sumitomo Trust's Socially Responsible Investment (SRI) activities take a CSR perspective in evaluating and selecting corporate investment targets.

The first investment trust fund created was for a corporate pension plan in July 2003, followed by "Good Company", a publicly offered mutual fund, in December of that year. Later we started marketing products for defined contribution pension plans in February 2004, and private placement investment trusts for institutional investors in June 2006. As of the end of June 2006, the value of all investment trust funds was 82.0 billion yen (corporate pensions of 19.0 billion yen, 61.0 billion yen for investment trusts for individual investors and 2.0 billion yen for institutional investor private placement investment trusts), and 38 companies had adopted defined contribution pension plans. Furthermore, as of June 2006, 605 post offices across the country handle Sumitomo Trust SRI funds (plans exist to expand to 1,153 post offices by October).



The performance of our SRI fund for corporate pensions. Launched in June 2003, it has the longest track record. Although they have the same portfolio, due to differences in trust fees, etc., the performance of this fund differs from that of the publicly offered mutual fund "Good Company".



Fund of the Year pamphlet

Sumitomo Trust's SRI Features and Operating Results

Sumitomo Trust's SRI fund has triple bottom-line considerations: the environment, society and economic results. Also, the fund is actively managed and seeks stable and high returns. This is achieved by evaluating companies in terms of their engagement in CSR activities as well as evaluating the contribution of CSR to their financial return. Investment stocks are selected by Sumitomo Trust SRI analysts and fund managers based on survey results compiled by the Japan Research Institute, Inc.

Based on its solid management results, risk control capabilities, and its superior research structure both in qualitative and quantitative terms, the "Good Company" publicly offered mutual fund was recognized as "Fund of the Year 2005" by the investment trust rating company Morningstar and received an award for outstanding performance in the category of domestic hybrid funds.

Action to Foster New Markets (Working with NPOs and Other Groups)

Sumitomo Trust joined ASRIA (an NPO which promotes SRI in Asia) in July 2004, and the Socially Responsible Investment Forum in March 2005. In May 2006, it signed the "Principles for Responsible Investment", a set of investment standards jointly decided by the United Nations Environment Program Finance Initiative (UNEP FI) and the United Nations Global Compact. These Principles encourage the taking of "environment, social and corporate governance (ESG)" issues into consideration when making investment decisions, and call for wide adoption by pension funds and global management institutions world wide.

Based on these actions Sumitomo Trust, as a leader in the SRI market in Japan, will be actively involved in helping to foster the growth of that market.



Signing ceremony for the Principles for Responsible Investment

Charitable Trusts

Type	Number of trusts under management
Scholarship	25
Promotion of natural science research	18
Promotion of human science research	3
Promotion of education	22
Social welfare	6
Promotion of arts and culture	9
Preservation and utilization of cultural property	0
Property and propagation of animals and plants	1
Conservation of the natural environment	2
Greenification	0
Development and maintenance of the urban environment	14
Promotion of international cooperation and exchanges	10
Other	3
Total	113

As of March 31, 2006

Charitable Trusts

Charitable trusts are trust funds operated by trust banks on behalf of individuals and corporations (trustees) who wish to use their assets for particular public purposes. The trust banks manage and operate the assets and strive to achieve those objectives. In recent years, a growing number of clients have indicated interest in having their assets assist the development of science and technology or the preservation of the natural environment. These clients can see their interests realized through charitable trusts. Sumitomo Trust established its first charitable trust in May 1977 and, by March 2006, had a total of 134.

New Trust Fund: Hiroaki & Wakako Huang Memorial Medical School Scholarship Fund

In June 2006 Sumitomo Trust created a charitable trust to provide financial support for scholarships awarded to Japanese and Taiwanese students enrolled in medical departments at universities in Aomori Prefecture. The trust was created to honor the will of a Taiwan-born doctor who was in private practice. According to the doctor's wife, the purpose of the fund is "to contribute to the training of economically disadvantaged medical students who have a desire to practice medicine in their home towns".



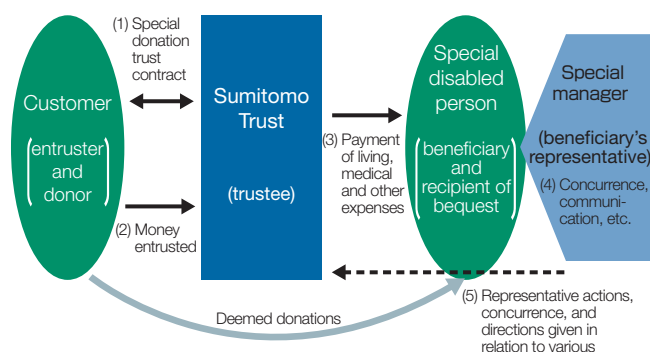
Reporting session for the termination of the fund (Miyake Primary School)

Terminated Trust Fund: Fund to Support School Children Who Were Victims of the Miyakejima Volcano Disaster

This fund is a charitable trust which is based on the contributions of PTA groups across Japan in support of primary and middle school children who were forced to evacuate Miyakejima, an island administered by the Tokyo Metropolitan government, when a volcano erupted in 2000. Because the island's emergency evacuation order was cancelled in February 2005, and schooling on the island resumed in April of the same year, this charitable trust was terminated in July 2006. From the time the trust began operating in fiscal year 2001, until it was closed at the end of June 2006, 126 million yen in financial assistance for schooling was provided to a total of 1,583 students.

At a reporting session on the termination of the fund, Sumitomo Trust donated plasma televisions to Miyakejima primary and middle schools. On this occasion, the chair of the PTA network for all of Miyake thanked Sumitomo Trust for the work it had done, and the head of the fund management committee expressed gratitude to Sumitomo Trust for its accurate and transparent handling of a substantial amount of administrative work related to the management of the fund.

Structure of Special Donation Trusts



Sumitomo Trust Accepts the Management of Special Donation Trusts

Under a special donation trust, the money of family members or other concerned individuals is held in trust for the benefit of a seriously disabled individual. A trust bank dispenses money from the trust on a regular basis up to a non-taxable amount up to 60 million yen.

In March 2006, Sumitomo Trust renamed its line-up of donation and will & inheritance trust fund products as the "Sympathy" series, and named this product "Special Sympathy Donation Trusts". Sumitomo Trust plans to

“Sympathy” Series

Product Name	Description
Living Donation Trusts	A type of trust in which a customer who is the trust creator is able to indicate the ways in which his assets are to be distributed among his/her family members or other designated persons (for example, equal distribution until his children come of age). It is also possible to forbid the family (beneficiary) from canceling a trust arrangement if they do not comply with the trust creator's intention (goals of the trust).
Will Trusts	A trust fund similar to a living donation trust but established by a will. Will trusts provide a set of services such as the creation, maintenance and execution of a will.
Special Donation Trust	See explanation in this section

actively promote these trust funds as products that support handicapped persons financially by providing inter vivos gifts.

Sales of Housing Loans Backed by Critical Illness Insurance

Under housing loans with insurance protection against three major diseases, the holder of a housing loan receives insurance to cover repayment of the outstanding mortgage loan up to ¥100 million when the holder is diagnosed with cancer, heart disease or a cerebral hemorrhage. The holder can also receive insurance when he or she becomes seriously disabled or dies.

Hosting a Variety of Seminars

Designing investment solutions to social problems involves not only new product development but also proactively and continuously providing information to customers. For example, in response to the problems presented by an aging society, Sumitomo Trust hosts “elderly care seminars” and personal-security-related “safety and security seminars” all across the country.



Marble Stands



Sotokoto Magazine

Column: LOHAS

Lifestyles of Health and Sustainability (LOHAS) denotes “a lifestyle concerned with health, the environment and a sustainable society”, which has become a new movement among consumers in Japan. Since LOHAS has a lot in common with the concept of CSR, Sumitomo Trust is focusing on the LOHAS customer to sell new CSR-related financial instruments.

One of the ways we have taken LOHAS principles into consideration was to change our gift to customers in fiscal year 2005. We introduced paper stands made of completely recyclable materials (product name: Marble Stand) which are not only attractively designed and convenient but are also stamped as environmentally friendly products. Customer feedback has been quite positive.

Furthermore, Sumitomo Trust held seminars entitled “Investment Education for raising smart kids—let them keep a cashbook”, and advertised this in a monthly magazine called Sotokoto, which was the first magazine in Japan to introduce the idea of LOHAS. The seminars target housewives, who are the main readers of Sotokoto, and are held at our Shibuya Branch and Kashiwa Consulting Office (see page 27).



Through earnest dialogue with our stakeholders and various social contribution activities, we hope to promote widespread understanding of the fact that Sumitomo Trust aims to be a corporate citizen that contributes to the development of society. This is because being a “good corporate citizen” is part of a corporate brand that leads to the enhancement of corporate value by improving the satisfaction of customers and employees.

In this chapter, to provide examples of Sumitomo Trust’s CSR activities, we introduce our communication with customers, NPOs, and local communities, as well as our social contribution activities.

CSR Activities at Branches

Since Sumitomo Trust initiated full-fledged CSR activities, the Himeji Branch has been proactively engaged in activities to support the disabled. We spoke to Ms. Ochiai, Sales Office Team Leader of the Himeji Branch, about the background and content of the activities, as well as her impression after a long period of involvement.

Q: What prompted the Himeji Branch to get involved in support activities for the disabled?

In 2003, we started purchasing handmade crafts and other items from local welfare workshops for the disabled as gifts for our customers. The relationship with Sagiso Welfare Association also started around that time, and that prompted us to fully launch our support activities.

Interviewee

KEIKO OCHIAI
Himeji Branch

Collected milk cartons (Washing, Opening, and Drying Process)



Handmade postcards

Q ■ How did the scope of activities expand?

The main products of the Sagiso Welfare Association are handmade postcards made from used milk cartons.

First, we asked all employees of the Himeji Branch to bring empty milk cartons from home, and then we donated the collected milk cartons to Sagiso Welfare Association. Following that, we started holding classes on making picture postcards in our office. In the classes, the handmade postcards made by Sagiso Welfare Association are used and are well-received by participants because watercolors work well on them. By purchasing the postcards for use in these classes, we also contribute to the sales of Sagiso Welfare Association.

Our activities became known to a recycling-related organization, which invited us to make a presentation about them. We participated, and made a presentation at the National Convention for Reuse of Milk Cartons last year.

Q ■ What kind of activities are you involved in other than those related to milk-carton recycling?

We held a bazaar in our office and donated the proceeds to support a national wheelchair basketball tournament held in Himeji City in 2004. Furthermore, some of our employees volunteered at the event.

When Sagiso Welfare Association decided to start selling name cards made from handmade Japanese paper—in addition to handmade postcards—we supported the purchase of necessary equipment by holding bazaars, flea markets, and Internet auctions.

We also regularly exhibit in our office lobby Bizen ware and other arts and crafts made by the disabled.

Q ■ How do you feel about your various activities to support the disabled?

For our employees, these activities have provided opportunities to foster compassion for others and broaden their perspective with regard to society, and, as a result, have led to the development of human resources.

For people who work at the welfare workshop, I believe our activities have provided a chance for them to experience the joy of being able to earn money on their own by selling things they have made. That too, is a source of joy for us.

Communication with Customers

Sumitomo Trust is striving to further enhance customer satisfaction by reflecting the precious opinions of our customers in operational improvements.



"Okyakusama no Koe Card" drop-off box

Listening to our Customers' Opinions

The Customer Service Promotion Office acts as a liaison between our customers and Sumitomo Trust, seeking opinions from our customers through telephone, e-mail, and the "Okyakusama no Koe (Customers' Opinion)" section of our website. We also distribute "Okyakusama no Koe Cards" to customers and set up "Okyakusama no Koe Card" drop-off boxes at our branches. The opinions written in "Okyakusama no Koe Cards" are aggregated by each related branch office or department and reported to the management. They are also shared among our employees through the newsletter "Okyakusama no Koe News" and reflected in improvements to our products and services. Furthermore, in October 2005, we introduced a system whereby we use questionnaires and interviews to directly solicit the opinions of our customers regarding our products and services. As a result, the number of valuable comments received from our customers from April 2005 to March 2006 reached 115,515.

Responding to our Customers' Opinions

Category	Response by Sumitomo Trust
Concerning the facilities and services of our branch offices (Beautification, renovation, and improvements to office facilities/shortening of waiting times, etc.)	<ul style="list-style-type: none"> • We posted care-fitters at every branch to support disabled and elderly customers (p.29). • We placed reading glasses and hearing aids at every branch. • We changed the office layout with a view to promoting a barrier-free environment (implemented at some branches). • As an attempt to shorten waiting times, we introduced an appointment system for some services (implemented at some branches). • We expanded and improved our call center operations in preparation for an increase in inquiries from our shareholders concerning stock transfer agency services.
Concerning new products and services to fulfill the needs of customers	<ul style="list-style-type: none"> • For greater convenience with regard to ATM usage, we entered an ATM tie-up with Japan Post. • We introduced new ATMs, and the complete replacement of all our ATMs by new models is scheduled for 2006. The new models accept IC cash cards and remittance by cash, and are equipped with a phone for the convenience of visually-handicapped customers. • In response to the need for asset management in foreign currencies, we started to offer a new foreign currency fixed time deposit for which transactions can be made via the Internet. • We started to offer a housing loan backed by critical illness insurance (p.19). • Sumishin Matsushita Financial Services Co., Ltd., one of our affiliated companies, started to offer "Flat 35" (product offered in cooperation with the Government Housing Loan Corporation) and reexamined the merchantability of our renovation loan product. • We established the Corporate Advisory Department in order to meet the needs of corporate customers for highly specialized consultation including advice on M&A. • We opened the Shanghai Branch for the convenience of our corporate customers that operate businesses in China. • We expanded subscriber management services in the defined contribution pension plan.
Concerning efforts to improve security	<ul style="list-style-type: none"> • We lowered the maximum amount of withdrawal and transfer through ATMs, and, based on requests from our customers, started a service where limits can be set on the amount of withdrawal or transfer. • We started issuing IC cash cards. • We installed partitions around ATM corners with a view to preventing crime.
Concerning our efforts to collect a broad range of opinions from our customers	<ul style="list-style-type: none"> • The Sumitomo Trust Information Desk is now open 24 hours a day, year round. • We introduced a system whereby we use questionnaires and interviews to directly solicit the opinions of our customers regarding our products and services.

Communication with NPOs



WWF membership card

Cooperation with NPOs

Non-profit organizations (NPOs)* have been attracting attention as key players in the creation of a sustainable society. Sumitomo Trust regards NPOs that have high levels of expertise in various fields as important stakeholders. We work together and collaborate on various activities as equal partners who share the same goals.

The following are the major activities on which we have collaborated with NPOs.

* NPO here refers to non-profit organizations such as incorporated associations and foundations, in addition to specified nonprofit corporations (a narrower definition of NPO).

WWF Japan	Corporate membership; Tie-up concerning will trusts; Borrowing of photo panels (used for displays at branch offices); Information exchange concerning the environment and finance
The Association of National Trusts in Japan	Tie-up concerning will trusts; Participation in an information exchange meeting on effective utilization of idle land owned by corporations
Ecosystem Conservation Society-Japan	Exchange of information regarding the ecosystems of idle land.
NPO Fujisan Club	Support for the Mt. Fuji Cleanup Campaign (p. 24); Donation of trash bags; Lectures at seminars (held at Kofu Branch)
NPO Earthwatch Japan	"Let's Enjoy and Protect Nature" seminar for senior citizens (held at Toranomon CO and Kichijoji Branch); Earthwatch Nature Photo Exhibition
Japan National Trust	Tie-up concerning will trusts
NPO Japan Reading Culture Association	Public reading of "Tale of Genji" (held at Tokyo Chuo Branch)
Japan Guide Dog Association	Follow-up training for care-fitters (p. 29); Dispatch of lecturer(s) and guide dog(s) for the CS training held at branch offices
NPO World Vision Japan	Support for school construction in Africa (p. 29); Tie-up concerning will trusts
National Federation of UNESCO Associations in Japan	Donation of spoiled postcards (Tokorozawa Branch); Borrowing of photograph panels
Social Investment Forum-Japan(SIF-Japan)	Corporate membership; Support for activities to promote SRI in Japan (p. 17)
ASrIA(The Association for Sustainable & responsible Investment in Asia)	Corporate membership; Support for activities to promote SRI in Asia (p. 17)
Incorporated NPO (Raku Gaku Seikatsu Association)	Seminar: "Investment Education for raising smart kids—let them keep a cashbook" (held at Shibuya Branch and Kashiwa CO) (p. 27)
Junior Achievement Japan	Corporate membership; Implementation of practical experience program for junior high school girls at Sumitomo Trust offices (p. 27); Training in the Fiduciary Services Group (same program) adopted (p. 35)

CO: Consulting Office



Published by "Trust 60"

Column: Publication by the "Trust 60" Foundation

"Trust 60" is an incorporated foundation established in 1987 in commemoration of our 60th anniversary. Its goals are to conduct surveys and research regarding trust systems and provide support for such academic activities. It has recently been conducting research in the field of CSR as well. In 2004, we conducted a survey on alternative finance (a financial activity that creates a new flow of funds in recognition of social significance), which is gradually gaining recognition in Europe. Based on the report of the survey, we published "Social Finance" (Kinza Publishing). For fiscal year 2006, we are planning to conduct research on the environmental contribution of financial institutions under the Kyoto Protocol.

Communication with Local Communities (Activities by Branch Offices)



Participants of the clean up hike, and the collected garbage

Lake Biwa & Yodo River Cleanup Hike (Hirakata Branch, etc.)

Lake Biwa, and the Yodo River and its reservoirs, are important water sources for the Kinki Region. To help preserve their environment, the employees of the Hirakata, Takatsuki, Kyoto, Kawanishi and Umeda Branches and the Osaka Business Department, along with their families, conducted a cleanup of the river terrace and green spaces along the river in November, 2005. A total of 200 participants collected 220kg of burnable garbage and 600 bags of recyclable garbage. In order to raise public awareness on this issue, we displayed the aim and photographs of the activity, and panels of related information provided by the Lake Biwa-Yodo River Water Quality Preservation Organization in the lobby of each branch office.



Couples attending seminar

Seminar on urban-type pay nursing homes (Ueno Branch)

The Ueno Branch regularly hosts seminars on themes of interest to our customers. In March, 2005, we invited President Kenichi Fukuhara of Benesse Style Care Co., Ltd., which operates a nursing care business, to give a lecture on the much-requested theme of urban-type pay nursing homes. The seminar ended on a high note as the theme is one of great interest to our customers. Of the 80 participants, many attended with their spouses and about half responded to a post-seminar questionnaire, expressing interest in a tour of nursing home facilities.



IT training seminar

IT Training Course Targeted at the “Trust Generation” (Koshigaya Branch)

Internet banking has been gaining ground because it enables transactions to be carried out irrespective of time and place. The Koshigaya Branch holds the “Challenge!! IT Training Seminar” for customers who are interested in Internet banking but do not know how to use it. In the seminar, participants learn basic computer operations and gain basic knowledge of Internet security. They also experience simulated transactions on Sumitomo Trust’s Internet Banking site. This service has been well-received by our customers, in particular the “Trust Generation” of people over 50 years of age. Three seminars were held in fiscal year 2005, and we plan to continue offering this seminar regularly in the future.



Collected garbage

Cleanup Event at Mt. Fuji (Kofu Branch, Shizuoka Branch)

The illegal dumping of garbage and industrial waste at Mt. Fuji has become a serious environmental problem. In September 2005, the Kofu Branch and Shizuoka Branch of Sumitomo Trust, two branches located north and south of Mt. Fuji, hosted a Cleanup Event of Mt. Fuji’s Aokigahara Sea of Trees. With the support of NPO Fujisan Club, a total of 118 participants—including employees from 18 of our departments and branches and the employees’ unions, along with their families—took part in the event and collected nearly a ton of garbage. We also donated 10,000 trash bags to Fujisan Club. The two branches are planning a similar event for 2006.



People attending a seminar on financial crime

Seminars on Preventing Financial Crime (Kobe Branch)

The incidence of so-called “furikome sagi” (billing fraud) where victims receive phone calls or postcards fraudulently requesting them to pay bills has been on the rise. At the Kobe Branch, we received a thank you letter from one of our customers when we forestalled such a fraud in June 2005. In February 2006, in hopes of protecting our customers from such crimes, the Kobe Branch and the Kansai Chapter of Sohgo Security Services Co., Ltd. jointly conducted a seminar on increasingly-sophisticated financial crimes including “furikome sagi”, and on crime prevention measures. About 100 customers participated in the seminar.



Tree-pruning event

Forest Volunteer Activities (Yamaguchi Hofu Branch)

The Yamaguchi Hofu Branch has been participating in forest volunteer activities in support of the “Yamaguchi Forest Vision”, which was formulated in 2004 by the Yamaguchi Prefectural government in order to utilize the collective efforts of residents for forest improvement and conservation. In fiscal year 2005, 18 employees participated in a tree-pruning event carried out under the guidance of the Prefecture’s Agriculture, Forestry, and Fishery Division in a forest park in Hofu City, and all employees participated in the pruning of Japanese cypresses in a prefectural forest, an event which was hosted by the Prefecture. We also held a panel exhibition “Yamaguchi Forest Creation” in the lobby to appeal for the necessity of forests as indispensable resources for environmental protection and flood control.



Children on their way to school

School Crossing Guard Activity (Matsuyama Branch)

Since December 2005, the Matsuyama Branch has been conducting school crossing guard activities. Twice a week, employees greet and watch over children on their way to Bancho Elementary School, adjacent to the Matsuyama Branch.

Recently, we received an adorable letter from a child saying, “Thank you for keeping watch over us constantly”, and an invitation to a school concert. We were happy and proud of ourselves for having continued this activity, and will continue to contribute to the community in this way.



Poster soliciting scholarship applications

Support for the Public Trust Takashimaya International Fund (Singapore Branch)

This is an international scholarship program to support students in Singapore and Taiwan who wish to study marketing/distribution, fashion, design, broadcasting, film/video, multimedia, etc. for a year at Japanese language schools (1 year), vocational schools, or junior colleges (2 years). Since its establishment in 1993, a total of 20 students have studied in Japan on this scholarship.

Sumitomo Trust’s Singapore Branch provides the necessary translation and interpretation support between the Fund and NAC (National Arts Council), a government body in charge of recruiting candidates for the scholarship and making the selection of scholars.

List of CSR Activities by Our Branches

Theme	Content of Activities	Branch
Environmentally conscious and conservation-oriented activities	Lobby displays about our support for environmentally conscious activities (Global warming, WWF, UNESCO, tree-planting activities, etc.)	Osaka Business Department, Abenobashi, Umeda, Sapporo, Tokorozawa, Toranomon CO, Omiya, Okayama, Yamaguchi-hofu, Kagoshima
	Activities to clean up the local environment (parks, roads, river bed, branch surroundings, forests, etc.)	Osaka Business Department, Umeda, Ibaraki, Takatsuki, Toyonaka, Hirakata, Sapporo, Kounandai, Shinjuku, Koshigaya, Chiba, Shizuoka, Kofu, Nagoya, Nagoya-ekimae, Kanazawa, Kyoto, Nara-Saidaiji, Kawanishi, Akashi, Yamaguchi-hofu, Fukuoka
	Participation in environment-related fairs (eco-housing fairs, global environment events)	Koshigaya, Sapporo, Kofu
	Recycling Support for the activities of NPOs and organizations, including UNESCO, JOICFP, etc. (collection of spoiled postcards, used pre-paid cards, clothings, etc.) Support for various collection work (collection of Bellmark points, stamps, etc.) Distribution of paper stands made out of recycled paper (Marble Stand)	Yao, Ibaraki, Takatsuki, Toyonaka, Hirakata, Hachioji, Tokorozawa, Tsudanuma, Toranomon CO, Shinjuku, Niigata, Kanazawa, Kawanishi, Fukuyama
	Promotion of eco-office activities (Participation in prefectural summer eco-challenges)	Koshigaya, Kofu
Successful aging	Panel display : "Love Letters at Sixty"	Kofu, Kagoshima
	Seminars and workshops to support a happy life (Workshops for employees providing virtual experience of being elderly, and seminars on long-term care, wills, inheritance, IT, etc.)	Osaka Business Department, Senri-chuo, Toyonaka, Sendai, Ueno, Koshigaya, Omiya, Kofu, Nagoya-ekimae, Wakayama, Okayama, Fukuyama, Kumamoto
Crime and disaster prevention	Crime prevention seminars, workshops on emergency measures, school crossing guard activities	Yao, Takatsuki, Tokorozawa, Fujisawa, Ueno, Koshigaya, Yokohama, Kashiwa CO, Omiya, Kofu, Kobe, Matsuyama
Health	Support for health-related activities Pink Ribbon Campaign (breast cancer educational activities), blood donation, walking groups	Abenobashi, Umeda, Namba, Yao, Ibaraki, Takatsuki, Toyonaka, Hirakata, Sagami-ohno, Tokorozawa, Tsudanuma, Kounandai, Ikebukuro, Kofu, Kobe, Himeji, Hiroshima, Fukuyama, Yamaguchi Hofu, etc.
Education	Lobby displays about education (Display of children's artwork; presentations regarding and donations to activities of NPOs such as UNICEF, etc.)	Abenobashi, Namba, Senri-chuo, Yao, Sakai, Hirakata, Shibuya, Kofu, Kanazawa, Nara-Saidaiji
	Sponsorship of educational seminars and events, training (support for training of municipal government employees, speech contests and writing competitions for junior and senior high school students, educational seminars in cooperation with NPOs)	Ibaraki, Hirakata, Tokyo-chuo, Shibuya, Kichijoji, Shizuoka
Support for the disabled	Support for the disabled (Support for the collection of milk cartons, display and sale of artwork, products, etc., made by the disabled; lobby displays presenting guide dogs; in-house training of service assistants; sign language workshops; collection of pull tops for the purchase of wheelchairs; installation of easy-access elevators; and sponsorship of organizations carrying out support activities for disabled persons)	Namba, Yao, Ibaraki, Toyonaka, Fujisawa, Ueno, Kounandai, Yokohama, Shizuoka, Kyoto, Nara-Saidaiji, Himeji, Matsuyama, Fukuoka
Other	Support for community activities (sponsorship of events, presentations of local history, support for the activities of local clubs, making company meeting rooms available to the public at no charge)	Yao, Ibaraki, Takatsuki, Toyonaka, Hirakata, Hachioji, Toranomon CO, Ueno, Kichijoji, Chiba, Shizuoka, Kofu, Kanazawa, Kawanishi, Kobe, Matsuyama
Activities at overseas branches	Cooperation for the dispatch of personnel to support the operation of the Japan section of the British Museum Participation in support programs designed to help local junior and senior high school students continue their studies Support for the Public Trust Takashimaya International Scholarship Fund	London New York Singapore

CO: Consulting Office

Activities Related to Education



Writing competition in Musashino City (Musashino Public Hall)



Pocket money cash book



"J-Leader" Program (Global Arena at Munakata City, Fukuoka Prefecture)

Education is one of the important themes in Sumitomo Trust's CSR activities. We endeavor to promote various educational activities, with a particular emphasis on those aiming to develop leadership skills among children, who will be leading the next generation, and to enhance financial literacy among the Japanese people.

Support for Composition Writing and Expression Training

We are supporting the activities of the Japanese and Writing Education Research Institute (Director Toshihiko Miyagawa), which is involved in composition writing and expression training. The theme of a writing competition held in Musashino City, Tokyo, was "money", a theme that is closely related to Sumitomo Trust's business. The Kichijoji Branch co-sponsored the competition and helped to gather attendees. Meanwhile, Tokyo Chuo Branch collaborated with the Institute in holding a Summer Holiday Writing Competition at nearby elementary schools, which was well-received by participants. We also supported the holding of a composition writing competition in Fuji City, Shizuoka Prefecture and Yamato city, Kanagawa Prefecture.

Conducting Seminar on Keeping a Cashbook

The Shibuya Branch and Kashiwa Consulting Office held a seminar entitled "Investment Education for raising smart kids—let them keep a cashbook" with a guest lecturer from Raku Gaku Seikatsu Association, an NPO which promotes financial education. The seminar was well-received by participating mothers who reported that it was very informative and helpful.

Supporting the "J-Leader" Program

In fiscal year 2004, and again in 2005, Sumitomo Trust co-sponsored and provided teaching assistants for J-Leader, a training program for Japan's next generation of leaders. Also in fiscal year 2005, we supported the "Hiroshima Miraijuku" held in Shobara City, Hiroshima Prefecture. Right from the planning stage, we were proactively involved in the program for cultivating future leaders from among high school students.

Practicing Financial and Economic Education

In order to provide children with an opportunity to experience how society and economy work in real-life situations, Sumitomo Trust implemented a work experience program in the Fiduciary Services Group as a tie-up with Junior Achievement Japan Headquarters. After the program, participating junior high school students reported a greater willingness to serve the needs of others.

In addition to this, we offered various opportunities for financial education, such as a class on the role of banks at Aoyama High School in Tokyo, a lecture on SRI at the Faculty of Business and Commerce, Keio University and at Yokohama National University, and a course on donation at Waseda Business and Information Academy.

Efforts as a Corporate Citizen



A pink ribbon—the symbol of the campaign

Joining the Pink Ribbon Campaign

In Japan, one out of thirty women is affected by breast cancer. Although the disease has a high cure rate if detected early, people's awareness of this disease and the screening rate still remain low. The Pink Ribbon Campaign is a campaign that aims to raise breast cancer awareness and promote the importance of early detection, diagnosis, and treatment.

Sumitomo Trust joined the Pink Ribbon Campaign in fiscal year 2005 and set up the Pink Ribbon Committee consisting of female employees of several branch offices. With the Committee playing a central role, we implemented various activities at all branch offices such as setting up lobby displays and holding seminars and other events. All female employees wore a pink ribbon on their chest during the campaign. Sumitomo Trust was the first financial institution to take part in this campaign, and our efforts were warmly applauded by many customers. Some of them even expressed their willingness to make donations.



"Love Letters at Sixty" campaign poster

Sixth "Love Letters at Sixty" Campaign

Sumitomo Trust ran our sixth "Love Letters at Sixty" campaign from November 22, 2005 (the date rhymes with "good couple" in Japanese) through January 31, 2006. This campaign aims to support the start of the second lives of our customers. In the campaign, we invited married couples to write love letters on postcards and send them to us. The content of the letters could be anything from words of gratitude to expressions of their honest feelings toward their spouses with whom they have lived and whom they have loved for many years. In our sixth campaign this year, we again received a great number of entries, all of which were full of touching words and phrases that could only be heard from people who have gone through much of their lives together. Out of the 9,933 letters we received this year, we selected the best ones and published them as a collection of letters. As in the previous campaigns, we donated all royalties from the published books to the NHK (Japan Broadcasting Corporation) year-end charity drive for domestic and international charities.



A class using a television

Donation of Plasma TVs

As part of our social contribution activities, Sumitomo Trust donated a total of 195 large-screen plasma televisions to schools, hospitals, public facilities, and welfare organizations such as the Japan Red Cross Society and Tokyo National Museum. A presentation ceremony was held in schools at Miyakejima island, and at the Japan Red Cross Society and Tokyo National Museum, and we received thank-you letters from them. We received heart warming hand-written thank you letters from many welfare facilities for children.



School building under construction (Uganda)



Sumitomo Trust Tokyo Cup Youth Soccer Tournament



Publication by our Research Department

Educational Support for Africa

Sumitomo Trust, in conjunction with Sumitomo Chemical Co., Ltd., Mitsui Sumitomo Insurance Co., Ltd. and Sumitomo Life Insurance Company, made a joint donation to help build and repair elementary school facilities in Africa (the four companies donated 10 million yen each, totaling 40 million yen). This donation was made in support of one of Sumitomo Chemical's CSR activities, where the company returns part of the revenue from sales of "Olyset Net" (a malaria-prevention mosquito net treated with insecticide using special techniques) in the form of educational support for Africa. With the coordination of NPO World Vision Japan*, the money will be used for construction of elementary school facilities and teachers' houses in Tanzania, Uganda, Zambia, and Kenya.

* Japanese branch of World Vision, an international NPO which works on emergency aid and child sponsorship.

Donation of Funds for Victims of Major Disasters

In August 2005, hurricane "Katrina", a massive storm, hit the southern US, and in October of the same year, a massive earthquake struck northern Pakistan. In recent years, there has been frequent occurrence of large-scale disasters like these all over the world. Sumitomo Trust contributes relief funds in case of such disasters.

Meanwhile, for the Niigata-Chuetsu Earthquake that happened in October 2004, the Niigata Branch has opened a donation account, and will continue to accept contributions from the public until October 24, 2006.

Sumitomo Trust Tokyo Cup Youth Soccer Tournament

Since fiscal year 2004, Sumitomo Trust has been co-sponsoring the Sumitomo Trust Tokyo Cup. Sponsored by the Tokyo Football Association, this soccer tournament, which has a long history, is mainly for fifth-graders in Tokyo. In fiscal year 2005, the tournament was held for three days on December 10, 11, and 18.

By co-sponsoring this soccer tournament, we hope to contribute to the sound and healthy development of children.

Sumitomo Trust's Research Department also contributes the royalties from the book "Shitte Okitai Nihon Keizai 70 no Kandokoro" to Ashinaga Ikuei Kai, an association that provides financial and emotional support to children who have lost either one or both of their parents in traffic accidents or natural disasters.

Furthermore, when BUSINEXT CORPORATION, one of our affiliates, changed its uniforms, we donated the old uniforms to Sudan through an NGO.


Column: Follow-Up Training for Care-Fitters

Sumitomo Trust has placed care-fitters*—specialists who have acquired care-giving skills and a sense of hospitality—to assist elderly and disabled people at each branch. We conduct follow-up training as needed, and this year, implemented training programs to polish customer-service skills, such as a skill upgrading program in cooperation with the Japan Guide Dog Association, and took steps to enhance customer satisfaction.

* Qualification accredited by the Nippon Care-Fit Service Association, a nonprofit organization



Training program with guide dog



Human resources management which brings out the potential of individuals and contributes to their growth holds the key to securing outstanding human resources and enhancing corporate value through their growth. At the same time it makes an important social contribution in the sense that it develops human resources that genuinely contribute to society.

In this chapter, we present the human resources management policies of Sumitomo Trust that are focused on creating a workplace environment in which each and every employee can grow to his or her potential. These policies include enhancement of our fair and open personnel evaluation system and human resources development program, and the promotion of participation by women.

Customer Satisfaction (CS) Training to Provide Impressive Service

The fundamental principle of Sumitomo Trust's human resources management is to bring out the potential of our employees and contribute to their growth. We asked Ms. Miyakita, who is in charge of CS training, about the efforts and approach to "Sumitomo Trust's customer satisfaction (CS)" based on this principle.

Q: Please tell our readers about Sumitomo Trust's approach to CS.

The business of Sumitomo Trust is to provide financial "service". Customers who have experienced "satisfactory" service at Sumitomo Trust come back and customers who have experienced "impressive" service become fans of Sumitomo Trust. The objective of Sumitomo Trust's CS training is to develop staff able to provide "impressive service".

Interviewee

MAMI MIYAKITA

Retail Business Planning and Promotion Department



Giving advice to individual employees



Group presentation

Q ■ “Impressive service” sounds difficult. What kind of training do you provide?

The level of service that makes customers “satisfied” rises every time they experience good service. Therefore it is impossible to achieve true customer satisfaction by providing the same level of service they received the last time they came.

It is not necessary for us to prepare a service manual, but it is necessary for us to thoroughly understand our customers to meet the needs that they do not explicitly mention. For every 100 customers who come to Sumitomo Trust, there are 100 different ways to serve them. Sumitomo Trust’s CS training teaches employees to maximize their “ability to perceive”, “ability to think” and “ability to imagine” so that they themselves can think of and provide services to satisfy every one of our customers. To this end we are providing training on customer

psychology and training to enhance our employees’ awareness of customers’ “body movements”, “eye movements” and “words”.

Q ■ What other kinds of training do you provide?

We are modeling our CS activities not only on those of financial institutions, but also on those of companies in all industries with which we can expect our customers to have contact, and we try to select the best policies and services used by those companies and adopt them in a form suitable for use at Sumitomo Trust.

For example, in order to learn from the services provided by theme parks, which are famous for their high level of customer satisfaction, we provided hands-on CS training for new employees in the Retail Financial Services Division (at a theme park in Tokyo), and we implemented loyalty training for receptionists

and branch managers designed to cultivate loyalty toward the company and our customers (at a training institute in Florida, United States).

In addition we provided training to enable our employees to experience the perspective of our customers. For example, we invited a hotel concierge to be the instructor for a CS training course and we sent employees on study tours of department stores, fast food restaurants, etc.

A Personnel System that Promotes Personal Evolution

Personnel System: Basic Philosophy

1. Respect each employee and provide a supportive working environment that expands “choice” and allows each individual to manifest the strengths he or she possesses.
 2. Foster a group of “true professionals” able to fully compete in the external marketplace.
 3. Align compensation with the business strategies and attributes of different business groups and promote the development of strategic planning.
-

Principles of Conduct of the Personnel System

1. Respect individuality
Sumitomo Trust aims to elicit each employee’s maximum capabilities by actively supporting an employee’s self-directing career path development while at the same time ensuring optimal human resource deployment, and offering guidance and training upon careful consideration of individual capabilities and attributes.
 2. Promote self-reliance and the will to take on challenges
By proactively supporting each individual employee’s self-reliance and will to take on challenges, Sumitomo Trust aims at being an aggregate body of professional human resources that maintain a strong sense of confidence in their ability to provide customers with optimal added-value, accurately and properly understanding and taking to heart the company vision and strategy while remaining keenly aware of their own roles in it, who do not give up until they achieve results and continue to actively accept challenges, even after achieving the desired results.
 3. Encourage open, interactive communication
Sumitomo Trust encourages open, interactive communication to foster an atmosphere of cohesiveness and cooperation surpassing “bias” such as sectionalism and rank-consciousness.
 4. Provide fair evaluation and feedback
In addition to fair evaluation of each employee’s achievements and capabilities, Sumitomo Trust uncompromisingly provides convincing feedback, thereby instilling an employee’s motivation to achieve further growth.
-

The competitiveness of Sumitomo Trust is underpinned by the large number of highly specialized staff who are also skilled at teamwork. We employ a fair and open personnel system based upon the conviction that allowing each and every employee to feel a sense of reward and satisfaction through growth and self-fulfillment, in turn, brings growth for the entire company.

Our Basic Views on Human Resources

The scope of our business encompasses a wide variety of businesses, from general banking business such as deposits and foreign exchange related business, to specialty businesses such as trust businesses and businesses related to real estate and pensions, as well as solutions businesses involving various types of consulting for individuals and corporations. Sumitomo Trust positions our actions placing value on the following basic approaches of the personnel system in order to employ and develop diverse and superior human resources that hold the key to our growth.

We also focus on the Principles of Personnel Conduct to ensure that each and every employee maintains an ever-present awareness of these basic principles and implements these principles in his or her daily conduct.

Unique Characteristics of Our Personnel System

In October 2003, we abolished our former personnel system and introduced a new personnel system that is more equal and open. We stripped the restrictions of employment classification (career track, general clerical, etc.) and qualification from the old system and introduced a career system that permits an employee’s career plan to be determined through individual choice and commitment, and a work group system for human resource candidate groups with the goal of providing additional value to our clients by developing specialists in each area.

Career System

We have in place a system under which employees can choose among three career paths—P career, D career, E career—in line with their personal objectives.

Work Group System

This system is common to all career paths and consists of four work groups—associates, managers, leaders, and senior leaders. Workers are placed into these groups based on demonstrated capabilities. By adopting this system, we encourage free competition based on competence, rather than age or gender.

Personnel Evaluation System

We introduced a personnel evaluation system in 1997 that

All careers and roles, etc.

Careers Name	Business divisions	Roles to be expected in the future	Work locations
P Career (Professional Careers)	Not specified	Undertaking management of entire company and all divisions	Not specified (possible transfers between locations)
D Career (Division Careers)	Specified, in principle*	Undertaking management of entire company or specified divisions	Varies by division
E Career (Expert Careers)	Not specified	Manager class	Specified (Around employing division, in principle)

* From the point of view of the employee's career path, on the premise of a return to the employing business division, it is possible to be transferred to another business division for a set period of time.

allows the individual employee to participate in the evaluation process while hoping to become part of “an aggregate group of employees who take the initiative to create their own career paths and who ceaselessly pursue self-improvement”. We continue to thoroughly implement the following points for the personnel evaluation system under the new personnel system, keeping the individual employee's participation as the focal point.

- Determine compensation based upon a fair evaluation of an employee's role and performance.
- Evaluations that provide an impartial and accurate grasp of each person's status and level and that benefit the employee's personal improvement.
- Maintain a close correlation between an employee's performance evaluation and the management objectives, issues and goals facing the company, branch or division, section and team.
- Rigorously enforce merit-oriented evaluation.

Development of Personnel with Extensive Capabilities

Presenting an Image of the Type of Employees We Would Like to Develop

We have created and clearly presented an “desirable image” of the type of employee we would like our workers to become. The aim of this exercise was to clarify the roles and business performance levels our clients expect of our employees as “professional players” in their respective divisions and jobs. It was also designed to help individual employees clarify the direction they should take in developing skills. This “desirable image” is being regularly reviewed by the Personnel Department and each division to ensure that it always keeps pace with actual conditions.

Internal Job Posting System

We have designed an internal job posting system to encourage our employees to proactively shape their own careers based on individual commitment. This system covers people in all career paths and is classified into two recruitment types: the “position vacant type”, where employees apply to fill clearly specified positions, and the “desired type”, where employees apply to join their desired divisions, whether or not a position is vacant at

the time. Campaigns are held twice a year for both recruitment types. Applicants apply directly to the Personnel Department for both types of positions.

Results for the Use of the Internal Job Posting System

	Number of applicants	Number accepted	Percentage of accepted applicants
FY2004	71	44	62%
FY2005	96	55	58%

Various Training Programs

Our basic policy is to improve our employee's skills through on-the-job training, but we also have other programs, such as training to enhance business, managerial and teamwork skills, and encourage the development of leadership. We also provide opportunities for transfers and studying domestically and overseas.

We introduced a new e-learning system in April 2005 and have developed an environment in which all employees, including temporary staff, can acquire the knowledge necessary for business through self-paced study. We will continue to enhance program content to tailor it to the attributes of each division and will also expand programs to support proactive career design by employees.

Human Rights Education

We have set up a Human Rights Education Committee, chaired by the President, to train and educate employees about various human rights issues. The aim of such training and educational activities is to help employees respect each other's individuality and foster a corporate culture that emphasizes human rights as the cornerstone of workplace decisions and behavior. We also see this as an opportunity to encourage employees to ask themselves how they can express themselves with vitality and individuality—not only at work but also in their relationships with customers and society in general—so that they can better realize their potential as human beings.

Our training program is divided into two parts: one specifically targeted for different management levels, and one for all employees, with sessions held at least twice a year. Each type of

session provides training designed to improve both knowledge and awareness of human rights issues.

Breakdown of Employment

Promoting Participation by Women

We are creating an environment in which motivated female employees can demonstrate their capabilities more easily than before, and are aiming to build “a company in which all of our employees can fully utilize their capabilities and individuality, regardless of their gender”. We have appointed two women as branch managers, a first among trust banks, and have also appointed women to the position of satellite office manager. The number of active female managers was 48 as of the end of March 2006 (an increase of eight over the same period in the previous year).

Employment of Disabled Persons

The percentage of disabled persons employed has exceeded the 1.80% required by law up to this point. However, the recruitment of a large number of employees in fiscal year 2005, among other factors, resulted in an employment rate of 1.77% as of June 1, 2006.

Sumitomo Trust maintains an open employment system throughout the year and we intend to build a working environment in which disabled persons can participate more fully than before. We intend to exceed the legal employment percentage of 1.80% through continued active recruitment.

Health Management System

To help our employees manage and improve their health, we have appointed Health Managers to each of our business operations. Depending on the size of the branches and offices, we have also appointed medical and occupational health specialists who provide detailed advice on health management.

We provide health examinations for all of our employees every year. Branch and department managers receive yearly, comprehensive physical examinations. We also cooperate with 60 medical treatment facilities around Japan to provide assistance to employees and their families, enabling them to receive comprehensive physical check-ups through the Sumitomo Trust Health Insurance Association.

To provide further assistance in health management to our employees, affiliated clinics in Tokyo and other institutions offer mental health counseling sessions. The Sumitomo Trust Health Insurance Association also provides health advice to employees by phone, free of charge.

Support Program for the Next Generation

We have already introduced a system offering prepartum and postpartum leave as well as childrearing leave to support childbirth and childrearing. Childrearing leave is available to both fathers and mothers, and 25 employees took advantage of it in fiscal year 2005.

With the enactment of the Law for Measures to Support the Development of the Next Generation in April 2005, Sumitomo Trust has established and operates under the following basic policies.

Basic Policies to Support the Development of the Next Generation

1. With a view to supporting the principle of “respecting individuality and bringing out the capabilities of diverse personnel”, a basic philosophy of the new personnel system, we will develop an environment in which it is easier to bring about the capabilities of personnel who can contribute to the sustainable growth of the Bank.
2. We will also provide a certain level of support for childrearing, etc., to encourage the participation of and bring out the capabilities of female employees.
3. We will formulate and steadily implement our action plan based on the spirit of the Law for Measures to Support the Development of the Next Generation.

	March 31, 2004	March 31, 2005	March 31, 2006
Total employees	4,843	4,991	5,230
Male	2,558	2,654	2,762
Female	2,285	2,337	2,468
Average age	39 years, 1 month	38 years, 9 month	38 years, 7 month
Male	41 years, 2 month	40 years, 9 month	40 years, 7 month
Female	36 years, 8 month	36 years, 5 month	36 years, 4 month
Average service years at Company	12 years, 2 month	11 years, 9 month	11 years, 3 month
Male	13 years, 8 month	13 years, 1 month	12 years, 8 month
Female	10 years, 4 month	10 years, 3 month	9 years, 9 month
Average monthly salary	¥406,000	¥414,000	¥407,000
Male	¥519,000	¥521,000	¥508,000
Female	¥275,000	¥285,000	¥288,000

Notes: 1. Figures for the average age, average service years, and average monthly salary are rounded down to their respective units.
2. Figures for total employees do not include temporary staff (of whom there were 66 as of March 31, 2004; 72 on March 31, 2005; and 83 on March 31, 2006).
3. Figures for total employees include overseas staff (of whom there were 260 as of March 31, 2004; 275 on March 31, 2005; and 283 on March 31, 2006).
4. Figures for average monthly salary include overtime allowances for March, but not bonuses.
5. Figures for female employees include managers (of whom there were 37 as of March 31 2004; 40 on March 31, 2005; and 48 on March 31, 2006).
6. The percentage of disabled persons employed was 1.80% on June 1, 2004; 1.93% on June 1, 2005; and 1.77% on June 1, 2006.

Other Forms of Training in Each Group

Other than those offered by the Personnel Department, Sumitomo Trust conducts various training courses at each group for the purpose of learning specialized knowledge and gaining expertise.

Retail Open Academy

Sumitomo Trust is offering Retail Open Academy, an entirely-voluntary self-development training course, to the approximately 3,300 employees of the Retail Financial Services Division.

The purpose of this training is to instill in our employees the wide-ranging financial knowledge and high-level consulting capacity they need to meet all customer needs. It includes courses such as "Introduction to the Civil Code (Family Law) and Inheritance Tax Law" and "The Appeal of the Emerging Stock Markets (Asia and India) (JPMA)". The training is held every weekday after work from 6pm to 7:30pm at the Tokyo Headquarters. For employees who cannot make it to the Tokyo Headquarters we have introduced a teleconferencing system to make it possible to take the courses in real time from a remote location. Going forward, we are studying the possibility of lending out DVDs and videos containing the course content to all of our branches, and we are aiming to make further contributions to improving the skills of the employees who are engaged in the retail business.



Employees keenly engaged in training after business hours

Training for New Employees in the Fiduciary Services Group


Sumitomo Trust's Fiduciary Services Group provided a two-day training program for the 24 employees who joined the company and the group in April 2006, with the objective of developing the human resources that will support the next generation. This training included lectures on the business models and organizations of the three businesses that make up the group and the relationships between the groups. In addition, we invited Mr. Yoshihiro Nakamoto from the Junior Achievement headquarters to be a lecturer, and he presented a more than six-hour-long company management simulation which enabled the new employees to experience the importance to business of such things as decision-making, risk-taking and communication skills, in business.



A team leader making a presentation

Internships

Sumitomo Trust is providing short-term internships for students. In the previous fiscal year the seven sections independently established programs, accepted a total of 296 university students and graduate students, and gave the students the opportunity to experience real work situations. Furthermore, since fiscal year 2004, we have been providing CSR-themed programs under which each team does practical work such as planning CSR finance businesses and giving presentations on their businesses. These programs were well received by the participants.



Contributions to measures against global warming and the formation of a recycling-orientated society are also expected of financial institutions. The Environmental Policy formulated by Sumitomo Trust in May 2005 stipulates that “we will be environmentally conscious at the office at all times with regard to matters such as conserving resources and energy and complying with green procurement standards”. We are endeavoring to reduce the burden our activities place on the environment.

Conservation of energy and resources leads to cost reductions. Furthermore, taking a CSR perspective when selecting equipment suppliers has the benefit of enabling the company to avoid a variety of risks related to the supply chain. In this chapter, we present undertakings which are representative of this kind of activity at Sumitomo Trust.

Energy and Resource Conservation Activities

Sumitomo Trust Group is pursuing energy conservation. The Fuchu business offices, which handle Sumitomo Trust’s central computer processing, have the most potential for reducing electricity consumption. We spoke with Akio Shimizu, technology manager, regarding energy and resource conservation measures that are in place.

Q: What is the “Team Minus 6 Percent” project Sumitomo Trust has joined?

Under the Kyoto Protocol adopted in 1997 for taking action on global warming, Japan is required to reduce its greenhouse gas emissions to 6% below their 1990 levels in the commitment period 2008 to 2010. A national project, “Team Minus 6 Percent” was established to meet this goal. Sumitomo Trust has joined this project, and we are implementing energy and resource conservation measures company-wide.

Interviewee

AKIO SHIMIZU
The Sumishin Shinko Company Limited



Central Monitoring Station



"Ene-cut" cooling devices on the roof of the Fuchu business offices

Q Are the Fuchu business offices playing an important role in Sumitomo Trust's energy conservation activities?

Yes, to the extent that the government's Type 1 Designated Energy Management Factories requirement applies to us. After all, these Fuchu business offices consume more than 20 million KW of electricity per year.

At the Fuchu business offices, a base-level private electric power supply, cooling devices on the roof and other measures have been in use since the start of business, all under the watchful eye of a central monitoring station which checks various data 24 hours per day. Since we have already put in place a variety of energy conservation measures, adding another level of energy conservation would be extremely difficult. Nevertheless, we will make further efforts to continue with our energy conservation efforts.

Q Please tell us about your most recent energy conservation activities.

For example, there is the power saving feature of our backup power device which was part of a change to our electrical system. Since the Fuchu business offices, which house Sumitomo Trust's central computer, must not experience a power outage, we reexamined the backup device last year and switched to one electrical system, which we thought would respond more efficiently, from the two that we had been using. As a result, we can now save about 300,000 KW per year. Of course, if we do have a power outage we can smoothly switch to our private power supply.

Some other steps we have taken are the use of a free-cooling system for air-conditioning during winter (air-conditioning is provided solely by circulating cool water through a cooling tower located on the roof) and Cool Biz (a campaign encouraging office workers not to wear jackets and ties during summer).

Q Please tell us about your plans for future endeavors.

In the areas of infrastructure and systems, we have made significant headway with our energy conservation activities. Therefore, for the future, one important theme will probably be to get individual employees to acquire new ways of thinking. For example, there are still many practical things each employee can do in the workplace, such as turning off office lights at lunchtime. I intend to continue my efforts to raise our staff's awareness of energy conservation, and to work on getting everyone to share a common consciousness for the attainment of certain goals.

Environmental Friendliness at Offices

Environmental Policy

Based on the basic principles of our Social Activity Charter, we will undertake efforts in accordance with the following Environmental Policy.

1. We will consider what we can do ourselves for the realization of a sustainable society and the preservation of the Earth's environment, and take action accordingly.
2. We will work to maximize our contribution to tackling environmental issues in our selection of investments and loans and in the development of financial instruments.
3. We will be environmentally conscious at the office at all times with regard to matters such as conserving resources and energy and green procurement.



"Cool Biz" poster

Sumitomo Trust formulated its Environmental Policy in May 2005, and since then, has been engaged in various environmentally conscious activities at its offices.

Participation in "Team Minus 6 Percent"

To take action against global warming, Sumitomo Trust joined the "Team Minus 6 Percent" project, which has been advocated by the Ministry of Environment since July 2005, and we will continue an extensive Cool Biz program this year.

Environmental Performance

Since 2003, the Sumitomo Trust Group has been monitoring the volume of resources used (input) and the volume of emissions that place a burden on the environment (output) mainly in our headquarters buildings. Looking at energy consumption in fiscal year 2005, we were able to achieve year-on-year reductions in electricity and gas use of 1.0% and 0.9% respectively, partly due to the implementation of a Cool Biz campaign. But our usage of gasoline increased by 3.5% year on year due to an increase in the number of passenger vehicles owned by the Group.

Paper consumption declined 11.1% year on year but paper emissions increased 1.6%. As for paper emissions, the use of mixed paper increased by 14.1% due to the disposal of pamphlets and bank books that required revision. On the other hand, the re-use volume has increased by 1.7%, resulting in a slight increase in the recycling rate.

Other waste emissions increased 7.1%, but other waste emissions recycling also increased 8.0%, so the recycling rate increased slightly. As the amount of waste increases, thorough implementation of the separated collection of waste materials is becoming more necessary.

Environmental Performance

Input	Consumption 2005	Change (% , YoY)	Output	Emissions 2005	Change (% , YoY)
Energy consumption			Paper emissions	963,710kg	+1.6
Electricity use	41,087,890kwh	-1	Mixed paper	331,625kg	+14.1
Gas use	918,339m ³	-0.9	Recycled paper	907,870kg	+1.7
Gasoline use* ¹	554,998L	+3.5	(% of total)	94.21%	+0.07 point
Water use	101,977m ³	+4.8	Other waste emissions	336,915kg	+7.1
Paper consumption* ²	623,775kg	-11.1	Amount of recycled material* ³	39,674kg	+8
Recycled paper	386,575kg	-10.8	(% of total)* ³	11.78%	+0.1 point

• Survey scope: Six headquarters buildings used exclusively by Sumitomo Trust and its Group companies (some items were difficult to tabulate at certain buildings).

• Survey period: April 1, 2005 to March 31, 2006.

*¹ Volume used at all domestic facilities, including sales bases.

*² Includes copier paper, fax paper, printer paper, toilet paper, business cards, and envelopes. (Also includes some buildings other than the six headquarters buildings.)

*³ The recycled amount is difficult to determine for some waste materials.

Promotion of a Paperless Office

Sumitomo Trust is currently reforming work styles and promoting a paperless office. The specific measures we are taking are as follows.

- We are converting existing paper documents to electronic form and making it possible for our employees to search and reference the necessary documents through their personal computers. We administered these reforms on a trial basis in the first half of 2005, and now they are being implemented in the IT & Business Processing Department and 11 other departments. Going forward we will expand them into companywide measures.
- We have various types of ledger sheets that are only stored in paper form. We are converting as many of these sheets as possible into electronic form. We began with sheets related to the branches, and by the end of August 2006 we had fully converted to electronic form 272 types of ledger sheets that had been consuming approximately 3,260,000 A4 size pages of paper annually.

In combination with the above measures, we have reviewed work flows, introduced an electronic approval system to reduce excessive printing and photocopying of documents, and carried out infrastructure development of all the devices in the office. As a result of all these measures, we were able to achieve the paper reduction shown in the table below.

	Existing ledger sheets converted to electronic form	Reduction of paper for photocopying
Effect of promoting paperless office	Approximately 3,260,000 pages (In terms of the number of files for ledger sheets: 272)	Approximately 980,000 pages (Reduction of paper at Marunouchi building and Yaesu building from September 2005, to January 2006, and from February to June 2006)
In terms of standard trees*	245 (3,260,000 pages / 13,300 pages/tree)	73 (980,000 pages / 13,300 pages/tree)

* Here a "standard tree" refers to a 20-year-old cedar, 8m high and 14cm in diameter.

Adoption of Low-Emission Vehicles

Of the 613 vehicles used in our marketing activities, 564 have been certified as environmentally friendly under an environmentally-friendly, low-emission vehicle certification program. Low-emission vehicles now account for 92.0% of our vehicles (as of end-May 2006). This is part of an effort starting in May 2004 to purchase low-emission vehicles certified based on the standards for 2005, and to use vehicles which meet the fuel efficiency standards stipulated for fiscal year 2010 under the Energy Saving Law.

Number of vehicles owned	Number of low-emission vehicles owned	Adoption of low-emission vehicles
613	564	92.0%

Actions Underway in Our Office Buildings

Sumitomo Trust has established specific numerical goals and reduction policies to address power savings and waste reduction in major offices buildings and marketing branches, as part of our resource and energy conservation program.

In December 2005, Sumitomo Trust submitted a written plan containing global warming countermeasures which received an "A+" evaluation from the Tokyo Metropolitan Government. The plan contains goals for specific cuts in the emission volume of business-related greenhouse gases generated by our Fuchu Building. The Fuchu Building has established a medium-term goal of reducing the volume of electricity and city gas used by 444 tons (CO₂ basis) or 3.8% against the base year, over a five-year period from 2005 to 2009.

The Senri Building is making an independent energy conservation effort to better manage its use of energy and air-conditioning. For example, greater efforts are being made to use less common-area illumination lamps, and air-conditioning operating time has been shortened by 10 minutes per day. Also, at the twice-a-year load tests of power supply facilities, a change has been made in the test to use the real load in the dummy water tank, a step which has helped to reduce the amount of electricity used per test by 400kwh.

In addition, the Marunouchi Building is undergoing building modifications to equip its restrooms with devices which can automatically turn on and turn off lights.

Thorough Measures Taken With Regard to Employees

The cooperation of each and every employee is essential to the universal implementation of our energy conservation measures. At Sumitomo Trust, in order to raise the environmental consciousness of our employees, we are carrying out an environmental education program through the circulation of in-house news.

This in-house news takes the form of video letters. Each month these letters introduce themes related to particular environmental issues and describe Sumitomo Trust's efforts, and their social relevance. Themes such as "Cool Biz", "Environment Friendliness at Offices" and "Environmental Finance" have been featured thus far. Among the specific examples of activities introduced in the in-house news, participation in "Team Minus 6 Percent" and efforts related to environmental finance (such as our project finance for wind power generation facilities, Eco-Land-Fund project and special housing loan project for environmentally friendly apartments) were especially well-received by employees. These efforts are felt to be useful in raising the level of environmental awareness.

Sumitomo Trust will strive continuously to make even greater environmental preservation efforts and to implement a variety of useful measures.



Series Video News: "Thinking about the Environment"

Establishing a Risk Management Structure

Preventing a decline in its corporate value by strict adherence to laws and social regulations is the minimal responsibility that a company needs to fulfill toward all of its stakeholders. In addition, management of the various risks arising from the increasingly diverse and complex nature of business and changes in the business environment is also an important factor to assess in checking the stability of corporate value.

In addition to strict adherence to laws and social regulations, and protection of personal data, etc., Sumitomo Trust has constructed a corporate governance framework which incorporates an internal control system featuring management of the various business risks unique to financial institutions. Furthermore, we are enhancing our management and our ability to respond to external risks, most notably to the increase of financial crimes. In this chapter, we explain the details of Sumitomo Trust's risk management.

As services and products provided by financial institutions become more diverse, the necessary risk management is also becoming more complex. Here, we spoke to Mr. Sakai of the Corporate Risk Management Department regarding Sumitomo Trust's risk management structure, he emphasized that the sophistication of risk management is positioned as the top management priority.

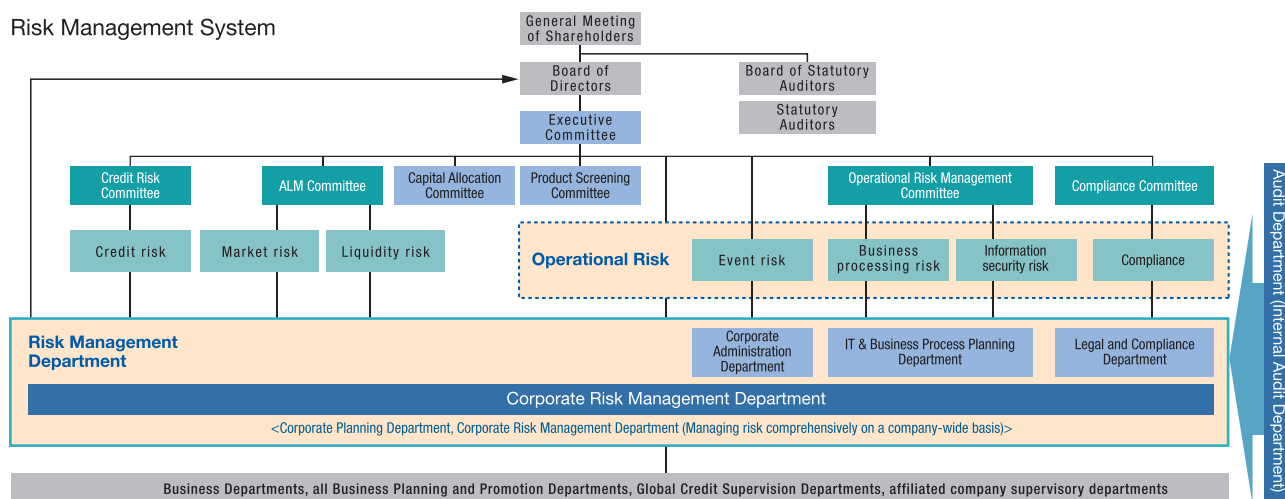
Q ■ What kinds of situations does Sumitomo Trust perceive as risks?

There are various types of risks involved in the business of a financial institution. Sumitomo Trust is most concerned with three types of risks: (1) credit risk in which we are unable to collect loans due to the deterioration of the borrower's financial position, (2) market and

Interviewee

SHINSUKE SAKAI
Corporate Risk Management Department

Risk Management System



liquidity risk in which we are unable to procure necessary funds, and (3) operational risk, a collective name for various risks incurred due to problems with compliance or information security, or changes in the external environment.

Q: Do the risk management policy and risk management structure differ by risk type?

Yes. With regard to credit risk and market and liquidity risks, we need to take risks to a certain degree in order to generate revenues. Thus, we manage these types of risks through an integrated risk management system in which we try to control the expected maximum loss (= amount of risk) within the realm of Sumitomo Trust's financial strength.

As for operational risks, particularly those caused by internal factors, our first priority is to prevent the occurrence of these risks, and we have established sys-

tems that meet our needs to lower such risks. However, it is impossible to totally prevent the occurrence of operational risks, particularly those caused by external factors. In order to sustain business operations, even in emergency situations, such as natural disasters and unforeseen accidents, Sumitomo Trust has implemented comprehensive trainings on a regular basis while setting up backup offices (replacement facilities) and formulating a business continuity plan. In addition, we have a system which enables us to quickly set up an emergency headquarters in times of disaster, and which ensures the continuation of our business operations.

Q: Please explain the management system for risk in general.

The Corporate Risk Management Department, which is staffed with risk management specialists, monitors and

analyzes these three types of risks and reports the results regularly to the management. Within operational risks, compliance risk is managed by the Legal and Compliance Department, and other operational risks are managed by the IT & Business Process Planning Department and the Corporate Administration Department. These departments plan and promote risk management.

We are endeavoring to raise awareness and improve knowledge among all directors and employees so that each one of them recognizes the public nature of a trust bank and will be able to fulfill accountability within and outside the company. We are also making efforts to develop and introduce more sophisticated risk management techniques.

Corporate Governance

Basic Stance

We have two core management principles: “confidence and integrity” (the essence of the trust business) and “placing prime importance on credibility and sound management” (a fundamental Sumitomo business principle). These principles are based on the recognition that we need the unwavering confidence of all stakeholders in carrying out our social responsibility and public service mission, in light of the highly public nature of our trust services and the close relationship between our activities, the economy and society.

We take a “customer comes first” approach to management and endeavor to accurately grasp the needs of our customers and other stakeholders and reflect them in the planning and implementation of our management policies.

We also position corporate governance as a mechanism for management decision-making, business execution and supervision, which is designed to achieve sustainable corporate growth and development via highly efficient and transparent management. To this end, we are constantly working to improve our corporate governance system.

Corporate Governance System

Operating through a consolidated management system, Sumitomo Trust has introduced an executive officer system and a business group management system, which enable us to speed up the implementation of our operations. The Board of Directors, consisting of all directors, makes decisions on important business matters including management policy and other important issues, and supervises the business conduct of directors and executive officers. Under the Board of Directors are the Executive Committee and various committees, which make decisions on important matters related to management policy, business strategy, and risk management, etc.

We have adopted a Corporate Auditor system. The Board of

Statutory Auditors conducts audits on the execution of duties by directors based upon auditing policies and auditing plans formulated by the Board of Statutory Auditors, which includes outside auditors. As part of the three-tiered audit system, the Board of Statutory Auditors plays a role in reinforcing the management monitoring function along with the Internal Audit Department and the accounting auditor.

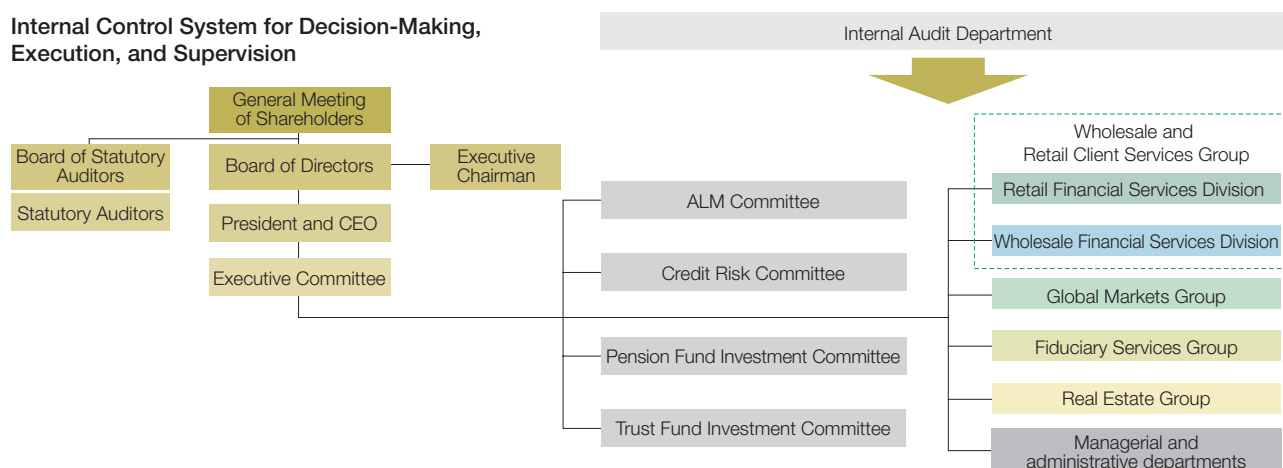
Management Transparency and Information Disclosure

In order to ensure management transparency, Sumitomo Trust puts a great emphasis on the implementation of fair, timely, and appropriate information disclosure. We have formulated and announced the Disclosure Policy as a fundamental policy with regard to the overall disclosure of our company information, and have established the Disclosure Committee as an advisory body that provides the Executive Committee with advice and opinions concerning the disclosure of management-related information.

We proactively undertake investor relations (IR) activities, which we define as “two-way communication between our stakeholders, including investors, and management” and conduct extensive activities targeted at a wide range of stakeholders including not only institutional investors but also individual investors. In fiscal year 2005, in the Awards for Excellence in Corporate Disclosure by the Security Analysts Association of Japan, we were ranked first among financial institutions for our disclosure efforts towards individual investors.

We have also launched activities targeted particularly at individual female investors. For example, we have posted on cafeglobe.com, an information website for women, the dialogues between President Morita of Sumitomo Trust and Ms. Kumi Fujisawa, Vice President of SophiaBank Limited (a thinktank) and between two female branch office managers (of Konandai Branch and Senri Chuo Branch).

Internal Control System for Decision-Making, Execution, and Supervision



Compliance and Personal Data Management

Strict compliance is essential in order to gain the confidence and understanding of our customers and society. Sumitomo Trust has positioned compliance activities as one of its top management priorities and is taking the following measures based on the regulations in its Ethics Charter, Compliance Standards Manual, and other documents.

Compliance Structure

Sumitomo Trust has developed a compliance structure centering on the Board of Directors, the Compliance Committee, the Legal and Compliance Department, and the compliance officers appointed to all of our branches and offices in Japan and overseas (see figure on page 41). The Compliance Committee gives advice and makes reports to the Board of Directors regarding the implementation of compliance at Sumitomo Trust and its improvement. The Legal and Compliance Department carries out planning, promotion, and companywide policy management for the entire compliance structure and provides guidance to the business departments. All compliance officers work to increase the awareness of compliance and thereby ensure that compliance requirements will be met at their respective branches. They also serve as compliance counselors for employees, as well as contact points with the Legal and Compliance Department.

In addition, we have set up a Compliance Hotline through which employees can make direct reports to management. Employees who make reports are protected, and we are working to quickly discover problems.

Compliance Measures

We have compiled a Compliance Standards Manual containing fundamental policies that all employees must be familiar with in order to carry out their daily business activities.

Furthermore, in addition to our companywide annual activities plan (program), each department formulates and implements an independent practice plan.

With regard to compliance training, we are conducting training on overall compliance as well as training by theme for individual businesses. In addition to upgrading the contents of these training programs, we require our employees to design and implement their

own training programs at each department and branch at least once every six months. The Compliance Department monitors all training.

Strict Personal Data Management

Sumitomo Trust has established regulations concerning personal data protection in its information security policy and has designated employees responsible for the management of personal data and the principles that are to be adhered to in the collection, use, storage, and disposal of personal data. In October 2004, we publicized the Declaration of Protection of Personal Data, and with a view to achieving the appropriate protection and use of personal data, we have been reinforcing the existing management system and developing various regulations and systems. Moreover in order to ensure that everyone in the company acts consistently with an awareness of the necessity for information security management, we are continuously working to make our employees aware of compliance issues by providing education and information campaigns.

In June 2006, we carried out a review of the organization which integrates all aspects of risk management, including business processing, information systems, data, etc., in order to achieve greater protection of customer data and put in place a system enabling us to respond more quickly to our customers' complaints and prevent data leakage.

The computer systems that we use to manage various forms of data, including customer data, are becoming more convenient due to the Internet, etc. On the other hand, new risks are emerging such as unauthorized access to systems from outside the company, and we are aiming to ensure the safety of our customers' transactions by monitoring our systems around-the-clock for attacks, and endeavoring to improve our systems at all times.

Looking at sales and marketing aspects, our employees working outside the company are using an exclusive outside work terminal system. This outside work terminal system ensures high security through fingerprint authentication, encryption of the internal hard disk, automatic erasure of data, and other functions, and it eliminates the danger of customer data leakage as a result of the terminal being lost or stolen while an employee is working outside the company.

Looking at administrative and managerial aspects, we have eliminated the danger of customer data loss by switching to concentrated storage of personal seal certificates and electronic access to personal seal data.

On top of this structural development, we have thoroughly educated our employees about personal data management, and have developed our administration and systems. We have also established systems for responding quickly to the leakage of personal data. The Operational Accident Notification System notifies the relevant employees immediately in the event of data leakage, and a standing committee examines the situation, determines the cause, and studies and implements measures to prevent a recurrence of the problem.

Code of Conduct formulated in the Compliance Standards Manual

1. Code of conduct to gain the trust of customers
2. Code of conduct to gain the trust of shareholders and investors
3. Code of conduct to society
4. Code of conduct to create an even better corporate culture
5. Code of conduct as a member of the organization

GRI Content Index

Core Indicator	Page No.	Additional Indicator	Page No.
1. Vision and Strategy			
1.1 Statement of the organisation's vision and strategy regarding its contribution to sustainable development	inside cover, 2-9		
1.2 Statement from the CEO (or equivalent senior manager) describing key elements of the report	4-5		
2. Profile			
Organisational Profile			
2.1 Name of reporting organisation	49		
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2.5 Countries in which the organisation's operations are located	49		
2.6 Nature of ownership; legal form	49		
2.8 Scale of the reporting organisation	49		
2.9 List of stakeholders, key attributes of each, and relationship to the reporting organisation	inside cover		
Report Scope			
2.10 Contact person(s) for the report, including e-mail and web addresses	49		
2.11 Reporting period (e.g., fiscal/calendar year) for information provided	inside cover		
2.13 Boundaries of report and any specific limitations on the scope	inside cover		
2.16 Explanation of the nature and effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	38		
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2.22 Means by which report users can obtain additional information and reports about economic, environmental, and social aspects of the organisation's activities, including facility-specific information (if available)	inside cover, 22, 49		
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3.7 Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental, and social performance and the status of implementation	2-7, 32, 34, 38, 43		
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3.14 Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organisation subscribes or which it endorses	9, 16-17		
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3.19 Programmes and procedures pertaining to economic, environmental, and social performance	6-8, 10-11, 29-31, 33, 35, 38-39, 42-43		
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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 include in the sustainability reports. The initial guidelines were issued in 2000 and a revised version in fiscal year 2002. The next revision is scheduled for fiscal year 2006.

Core Indicator	Page No.	Additional Indicator	Page No.
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HR5 Description of freedom of association policy and extent to which this policy is universally applied independent of local laws, as well as description of procedures/programmes to address this issue	9		
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HR7 Description of policy to prevent forced and compulsory labour and extent to which this policy is visibly stated and applied as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring	9, 32-33		
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PR3 Description of policy, procedures/management systems, and compliance mechanisms for consumer privacy	43		

Third Party Comments on The Sumitomo Trust & Banking 2006 Corporate Social Responsibility Report

To Mr. Atsushi Takahashi, Chairman of the Board
Mr. Yutaka Morita, President and Chief Executive Officer
The Sumitomo Trust & Banking Co., Ltd.

A network firm of
PRICEWATERHOUSECOOPERS 

September 1, 2006

The objective of these comments is to express our independent view on the features, achievements, developments and direction of the Sumitomo Trust & Banking Co., Ltd. (hereafter, "the Company")'s approach towards social and environmental issues as well as the reporting of the significant corporate activities in such areas contained in the "2006 Corporate Social Responsibility Report" (hereafter, "the Report"). Our comments are based on the following procedures:

1. Interview with Managing Executive Officer in charge of Corporate Social Responsibility(CSR) (Mr. Hitoshi Tsunekage)
2. Inspection of the Head Office, the Kichijoji and Kounandai Branch, and interviews with personnel thereof
3. Examination of the final draft of the Report

1. Development of CSR Activities—Expanding the activities from points to planes

During our visit to the Kichijoji and Kounandai Branch this year, active involvement in CSR activities by all employees including the General Manager was seen. The Kichijoji Branch held a discussion forum mainly for younger employees and put findings from the discussion into practice, which resulted in raising its business efficiency and customer satisfaction. The Kounandai Branch designed its lobby displays by putting ideas from employees and a lobby staff into action. In this way, CSR activities are deeply entrenched at the branches. As the top management stated, these activities indicate that its employees' awareness of CSR has been raised. Furthermore, in addition to existing programs conducted by each branch in cooperation with the Corporate Social Responsibility Office, new collaboration programs are being initiated, such as the Pink Ribbon Movement and the cleanup event at Mt. Fuji, which were joint efforts involving several branches. Such programs demonstrate their commitment to expanding CSR initiatives. We see this movement as a highly commendable development in conducting activities in a spontaneous manner. The Lake Biwa & Yodo River Cleanup Hike, for example, was proposed by a staff member who participated in and was inspired by the cleanup event at Mt. Fuji.

By expanding sole activities and transforming them into joint activities -extending the concept of CSR activities from points to planes, various synergies are expected to be generated. In realizing this goal, the Corporate Social Responsibility Office has a key role to play, especially in developing a greater understanding of the branches' activities and providing further information.

2. For Further Accessible Reporting

In line with the Company's concept for CSR activities, the Report comprises "Five Paths for Enhancing Corporate Value". This is an effective approach to organize and describe the direction of the Company. Furthermore, the Report is designed to be more accessible compared with last year's report as a result of the inclusion of information about activities relating to each path in an employee's own words.

For future reports, we expect further improvements to be made in two respects; the reporting period should be taken into full consideration and a clear description of the relevant quantitative information should be included. An increasing number of companies establish specific annual goals for CSR activities and manage these activities based on the PDCA cycle. This is because separating activities by fiscal year enables achievements to be clarified, challenges for the future to be identified, and qualitative information helps users to better understand the progress of the activities. Reports taking such factors into consideration are more accessible to readers.

3. For Future Development

In fiscal year 2005, the Company's third consecutive year of implementing CSR practices, its core business has yielded tangible results. These results include an increase in the net assets of SRI funds "Good Company", recognition as "Fund of the Year 2005" based on its solid management results, and the development of a preferential rate housing loan for new environmentally-friendly apartments. As described above, CSR activities have become entrenched at the branches, and a strong foundation for CSR initiatives has been established in the last three years.

As a leading company in promoting CSR in the financial industry, it is time to take the next step for further development, while maintaining this sound foundation. The head office's planning capability is a key to the next step in order to provide a specific direction and to implement measures taking the overall balance of corporate activities into consideration. At the interview with the Managing Executive Officer, we noted that new efforts have already been made, and we look forward to seeing good results from such efforts. Looking ahead, we hope that the Company will set effective and qualitative goals with respect to issues considered to be challenging, as evaluating activities are crucial. Furthermore, it would be desirable to incorporate external commitments including the Global Compact and the Principles for Responsible Investment into the Company's overall business activities.

※These comments DO NOT express any of our views and/or opinions on the effectiveness and/or reliability of the processes used to collect and report the data and information included in the Report.

MISUZU Sustainability Certification Co., Ltd.



井上 壽 枝

Toshie Inoue
President

Questionnaire on 2006 Corporate Social Responsibility Report

Thank you for reading our Corporate Social Responsibility (CSR) Report in its entirety.

Through communication with readers, we are committed to making the CSR Report better and better in the future. To help us in this regard, we would like to receive your comments by asking you to fill out the questionnaire on the next page.

The Sumitomo Trust & Banking Co., Ltd.
Corporate Planning Department
Corporate Social Responsibility Office
4-4, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan
Telephone : 81-3-3286-1111
Facsimile : 81-3-3286-8741

The Sumitomo Trust & Banking Co., Ltd.

2006 Corporate Social Responsibility Report

—Questionnaire

- Q1.** What was your impression of the CSR Report as a whole?
- | | | | |
|---------------|---------------------------------------|-------------------------------------|--|
| • Content | <input type="checkbox"/> Substantial | <input type="checkbox"/> Acceptable | <input type="checkbox"/> Inadequate |
| • Readability | <input type="checkbox"/> Easy to read | <input type="checkbox"/> Normal | <input type="checkbox"/> Difficult to read |

- Q2.** How do you evaluate our efforts for CSR described in this report?
- | | | | | |
|------------------------------------|-------------------------------|---------------------------------------|-------------------------------|---------------------------------------|
| <input type="checkbox"/> Very Good | <input type="checkbox"/> Good | <input type="checkbox"/> Satisfactory | <input type="checkbox"/> Weak | <input type="checkbox"/> Insufficient |
|------------------------------------|-------------------------------|---------------------------------------|-------------------------------|---------------------------------------|

- Q3.** What items in the report interested you, or gave you a lasting impression? (Feel free to check multiple items.)
- | | | |
|------------------------------------|--|--|
| Sumitomo Trust and Banking's CSR | <input type="checkbox"/> CSR from the Point of View of Sumitomo Trust | |
| | <input type="checkbox"/> Top Message | |
| | <input type="checkbox"/> Five Paths for Enhancing Corporate Value | |
| | <input type="checkbox"/> System for Promoting CSR Activities | |
| Business Revitalization | <input type="checkbox"/> Eco-Land-Fund Investment | <input type="checkbox"/> Environmental Activities |
| | <input type="checkbox"/> Working with Government Agencies | |
| | <input type="checkbox"/> Socially Responsible Investment | <input type="checkbox"/> Working with Society |
| Enhancement of Corporate Brand | <input type="checkbox"/> CSR Activities at Branches | <input type="checkbox"/> Communication with Customers |
| | <input type="checkbox"/> Communication with NPOs | |
| | <input type="checkbox"/> Communication with Local Communities (Activities by Branch Offices) | |
| | <input type="checkbox"/> List of CSR Activities by Our Branches | <input type="checkbox"/> Activities Related to Education |
| | <input type="checkbox"/> Efforts as a Corporate Citizen | |
| Better Human Resources Management | <input type="checkbox"/> Customer Satisfaction (CS) Training to Provide Impressive Service | |
| | <input type="checkbox"/> A Personnel System that Promotes Personal Evolution | |
| | <input type="checkbox"/> Other Forms of Training in Each Group | |
| Cost Management and Cost Reduction | <input type="checkbox"/> Energy and Resource Conservation Activities | |
| | <input type="checkbox"/> Environmental Friendliness at Offices | |
| Reinforced Risk Management | <input type="checkbox"/> Establishing a Risk Management Structure | <input type="checkbox"/> Corporate Governance |
| | <input type="checkbox"/> Compliance and Personal Data Management | |

- Q4.** Please write your impressions and opinions about positive aspects of the report, and areas that should be improved.

- Q5.** In what capacity did you read this report?
- | | | |
|--|--|--|
| <input type="checkbox"/> Individual customer | <input type="checkbox"/> Corporate customer | <input type="checkbox"/> Individual shareholder/investor |
| <input type="checkbox"/> Institutional shareholder/investor | | <input type="checkbox"/> Corporate CSR manager |
| | | <input type="checkbox"/> Researcher/educator |
| <input type="checkbox"/> NPO/NGO member | <input type="checkbox"/> Media representative | <input type="checkbox"/> Government employee |
| | | <input type="checkbox"/> Student |
| <input type="checkbox"/> The Sumitomo Trust & Banking Group employee | <input type="checkbox"/> Other (please specify: _____) | |

Name: _____ Occupation/company (title): _____
Address: _____
Tel: _____

Thank you.

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.

The Sumitomo Trust & Banking Co., Ltd.
Corporate Planning Department
Corporate Social Responsibility Office
FAX:81-3-3286-8741

Overview of the Corporation (As of the end of March 2006)

Trade Name:	The Sumitomo Trust & Banking Co., Ltd.
Date of Establishment:	1925
Total Employable Funds:	37,514.9 billion yen
Total Assets:	20,371.7 billion yen
Loans:	11,107.9 billion yen (combining banking a/c and principal guaranteed trust a/c)
Entrusted Assets:	61,669.9 billion yen
Capital:	287.2 billion yen
Common Shares Issued and Outstanding:	1,672,892,956 (common)
BIS Capital Adequacy Ratio:	10.90% (consolidated)
Number of Employees:	5,230

Number of Offices:
Domestic - 59 (51 branch offices; 8 satellite offices)
Overseas - 8 (4 branch offices; 4 representative offices)

Number of Group Companies:
Subsidiaries - 24 (domestic 17; Overseas 7)
Affiliates - 9 (Domestic only)

For further information, please contact:

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