

2005 Corporate Social Responsibility Report

Key to a Quality Growth

quality

Key to a Quality Growth

Our Vision: To Be a Top Quality Trust Bank

Not merely seeking to do business on a large scale, we also continually pursue quality of management.

It goes without saying that we strive for quality in our products and services, but we also work to improve quality in every aspect of management.

Through these efforts, we aim at Quality Growth— growth that is recognized by all our stakeholders as being of the highest quality.

We practice corporate social responsibility (CSR) in our daily business activities.

Without this, there can be no “Quality Growth,” and this is why we are serious about CSR.

As we are engaged in socially responsible investment (SRI), we are aiming to become a first-choice corporation for SRI fund investment.

By putting our principles into practice, we are increasing our corporate value.

Through this process, CSR has become an integral part of Sumitomo Trust’s business.

Contents

1 Purpose of this Report	Responsibilities as a Corporate Citizen
2 Sumitomo Trust's Corporate Social Responsibility (CSR)	30 Charitable Trusts
4 To All Our Stakeholders	31 Cultural Assistance
6 Foundation of Sumitomo Trust's CSR Activities	32 Educational Assistance
10 Summary of Sumitomo Trust's CSR Activities	33 CSR Activities Led by Our Branches —Close ties with the community
11 GRI Content Index	
Promotion of High Transparency in Management	Creating a Pleasant Working Environment
12 Corporate Governance	36 A Personnel System That Respects the Independence of Individual Employees
14 Compliance	37 Breakdown of Employment
16 Risk Management	38 Development of Personnel with Abundant Capabilities
Contributions through Our Business Activities	38 Management-Labor Relations
18 Financial Contributions to Stakeholders	39 Enhancing the Comfort and Safety of the Workplace
20 Socially Responsible Investment (SRI)	39 Assistance Program for the Next Generation
22 Providing Products and Services That Contribute to Reducing the Burden on the Environment	
24 Striving to Enhance Customer Confidence and Satisfaction	40 Independent Review Comments
Efforts toward Environmental Conservation	41 Questionnaire
26 Formulation of Environmental Policy	43 Opinions and Comments on the 2004 Edition
26 Participation in International Environmental Conservation Activities	43 Corporate Data
27 Efforts to Reduce the Burden on the Environment in the Business Cycle	

Purpose of this Report

At Sumitomo Trust, corporate social responsibility (CSR) 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 products and services. Over two 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 for a progressive financial institution, and our efforts are steadily taking hold.

We have issued this report with the objective of disclosing the status of Sumitomo Trust's CSR-related activities to all our stakeholders in an understandable manner. In this 2005 edition, the second publication of its kind, we have increased the emphasis on the role of CSR in our core business activities compared to the first (2004) edition, and enhanced the content of reports on CSR activities unique to Sumitomo Trust.

In order to receive your candid comments regarding this Report and our CSR activities, and thereby deepen mutual communication, we have prepared a questionnaire at the end of this Report. Please share with us your frank comments and impressions.

Organization covered by this Report:

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

Target readers:

Sumitomo Trust's diverse stakeholders, primarily customers, shareholders, investors as well as business partners, persons living near Sumitomo Trust's head and branch offices nationwide, and employees.

Period covered by the Report:

Fiscal year 2004 ended March 31, 2005 (plus information available prior to the fiscal year and recent information up to August 2005).

Next Report scheduled to be issued:

September 2006

Website URL:

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

References:

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

Sumitomo Trust's Corporate Social Responsibility (CSR): “Creating Value”—That is the Sumitomo Trust way of CSR

The Sumitomo Trust & Banking Co., Ltd. was among the first in the Japanese banking industry to begin working on CSR, with an aim to becoming a corporation that aspires through our business to pursue sustainable social development as well as our own development, based on our fundamental principles of trust and Sumitomo's Business Spirit. We do not consider CSR merely a corporate buzzword. Rather, we see it as effective “business” for raising corporate value. We are strengthening our development of new businesses based on a social and environmental outlook, placing first priority on creating social value through our core financial products and services.

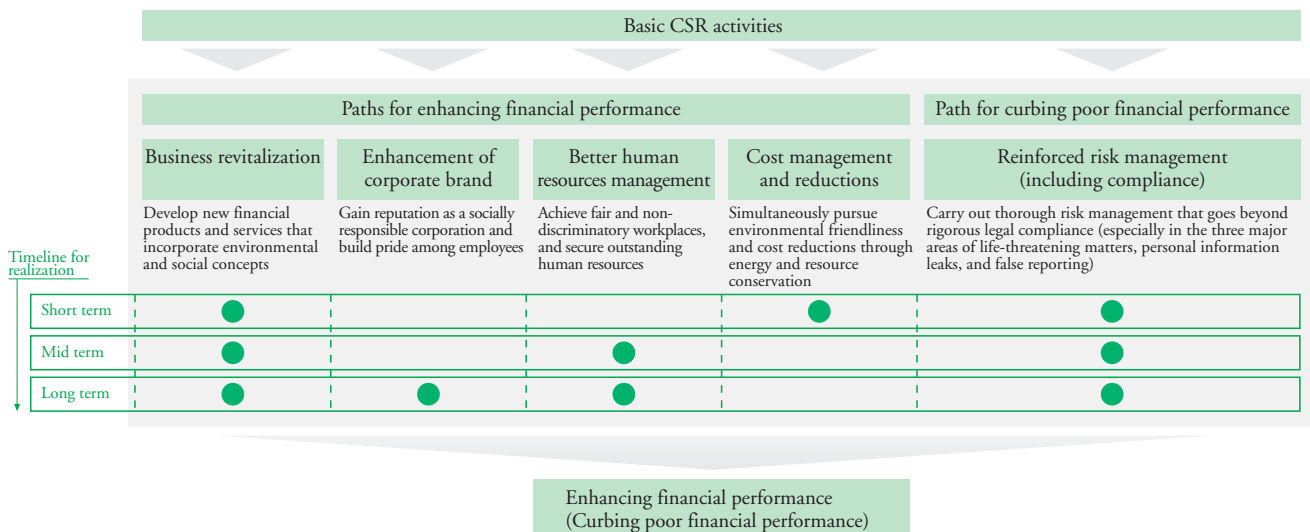
The Corporate Social Responsibility Office (the Office) plays a central role in these activities. The Office acts as an incubator for social and environment-related financial business by providing support for and consulting on various business ideas from inside the Company, as well as developing business its own ideas that incorporate social perspectives. At the same time, we have adopted a process of clarifying challenges toward sustainable development and formulating support

plans regarding financing to close the gaps. It is, we believe, a method that effectively creates business ideas to contribute to the creation of social value and lead to business revitalization.

We are looking to systematize CSR efforts to effectively link our various CSR activities, including the abovementioned kinds of business revitalization, to the improvement of our corporate value. To increase corporate value through our daily CSR activities, it is necessary to set goals to connect such activities. As such, we have set the five following goals, each with its own timeline: (1) business revitalization; (2) improvement of corporate brand; (3) better human resources management; (4) cost management and reductions; and (5) reinforced risk management (including compliance). We have formulated specific policies for activities based on the consideration of these five goals, and we are putting them into practice.

In these ways, two years after its inception, our CSR concept has established itself within the Company as a “business” and our efforts are steadily taking hold.

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



Participation in the UN Global Compact

In 2003, we became Japan's first trust bank to sign the UNEP Finance Initiative (UNEP FI) Statements on the environment and sustainable development. This move marked the starting point of our full-blown CSR activities. Since then, we have not only strengthened our internal efforts, but have also been working closely with other environmentally friendly corporations.

In July 2005, we participated in the UN Global Compact, which works to advance nine universal principles* in the areas of human rights, labor, and the environment, as proposed by UN Secretary-General Kofi Annan at the World Economic Forum in Davos in January 1999. At present, over 2,000 organizations around the world are participating in the initiative. The Global Compact has two objectives: (1) incorporate the Compact and the Ten Principles into corporate strategy and actual business activities, making them the foundation for each company's corporate spirit; and (2) facilitate

cooperation and group resolution of problems among different stakeholders. In addition, each organization is required to achieve these objectives through four important implementation mechanisms: global policy dialogues, learning, local networks, and partnership projects.

Through our participation in the Global Compact, we intend to incorporate the Ten Principles into our daily business activities as a world-class corporate citizen, thereby spreading this spirit throughout the world economy.

* In 2004, the principle regarding anti-corruption was added as the tenth principle.

Global Compact: <http://www.unglobalcompact.org/Portal/>



The Ten Principles of the Global Compact

Human Rights	<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: make sure that they are not complicit in human rights abuses.</p>
Labour Standards	<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: the elimination of all forms of forced and compulsory labour;</p> <p>Principle 5: the effective abolition of child labour; and</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation.</p>
Environment	<p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p>
Anti-Corruption	<p>Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.</p>

To All Our Stakeholders



In Breakthrough Plan 2004, our medium-term management plan, we set out our vision for becoming a Top Quality Trust Bank. With this vision, we aim to achieve high-quality sustainable growth by pursuing value creation as a Top Quality Trust Bank. We have positioned CSR management as an essential element to realizing this vision.

We believe that CSR essentially contains functions for both protecting and raising corporate value. By positioning CSR as effective “business” for raising corporate value, we consider CSR to be not merely a corporate buzzword, but instead an undertaking that creates value through our trust and banking businesses.

Based on these beliefs, in June 2003, we established the Corporate Social Responsibility Office and began working on CSR. Since then, we have been advancing numerous activities, including efforts to promote socially responsible investment (SRI), housing loans for environmentally friendly houses, and other CSR-related financing, while progressing with the creation of a CSR promotion system at the management level and in our everyday operations. Among these efforts, there have been some particularly eye-opening developments in the CSR activities of our branches throughout Japan. We have traditionally interacted with local communities by opening waiting lounges at our branches to events such as art exhibitions by students from nearby elementary schools. The last one or two years, efforts by branches acting on their own initiative have spread rapidly, and the number of positive portrayals of such cases in the local media has increased.

We also are not limited to internal company activities. We are seeking to enhance the synergistic effect of collaborating with other corporations and groups that share the

same aspirations to work together to achieve our common goals. By signing the UNEP Finance Initiative (UNEP FI) Statements on the environment and sustainable development in October 2003, we declared both inside and outside the Bank our intent to focus on environmental issues, which are one of the most pressing challenges for CSR, and we have developed our CSR activities with a focus on environmental activities. While strengthening these activities, we recently determined that an even wider ranging commitment was necessary, and in July of this year, we participated in the UN Global Compact. In so doing, we have further promoted CSR management and expressed anew our determination to aggressively tackle not only environmental issues but also social issues at large, such as human rights and labor standards.

Whether it is global warming or the combination of population aging and low birthrates, most of the problems we must face at the national and global levels in the 21st century will be extremely difficult to solve over the short term. The world's individuals, corporations, and other groups must make unified efforts based on a long-term perspective. We believe that to form a sustainable society, the process of looking back from the future and implementing what we need to do now is also an important aspect of CSR. When implementing such activities, we always bear in mind that the leading players in these activities are customers and all other stakeholders. Our starting point is thinking about the best place for our stakeholders in the sustainable society we seek to cultivate, and it is our fervent desire to become a trust bank that acts in its stakeholders' best interests.

In the more than two years since we began our CSR efforts, our efforts have steadily evolved. However, we must also admit that we still have numerous shortcomings. Although the concept of CSR has permeated throughout the Bank, the fact remains that in everyday operations there is confusion as to specifically what each employee should do in putting the concept into practice. We hope you use this second publication of our CSR Report to review the current efforts of the Company. We welcome your candid opinions and comments, which will help us pursue further improvements in our efforts.

September 2005



Atsushi Takahashi
Chairman of the Board



Yutaka Morita
President and CEO

Foundation of Sumitomo Trust's CSR Activities

Role of Trust Banks and the Business Stance of Sumitomo Trust

The core business of trust banks is the trust business, which offers management and custodial services for entrusted assets including money, securities, and land. Along with the financial intermediary function, trust banks provide social infrastructure in a wide range of areas including pensions, securities, and real estate.

As a result of the revision to the Trust Business Law, which entered into force in December 2004, the range of assets that can be entrusted expanded to cover general property rights including intellectual property rights, enabling businesses other than financial institutions to run a trust business. We expect this revision to encourage a further understanding

of trust functions, thereby enabling trust to become an even more popular means for the management and custody of assets and fundraising.

Financial deregulation in Japan in recent years has led to the formation of financial conglomerates and other forms of large-scale moves aimed at industry reorganization. Nevertheless, Sumitomo Trust has been maintaining independent management because we believe it is the best way to respond to the needs of our customers and society and pursue our trust competence (ability and skill), healthy financial position, as well as our CSR-oriented management.

Businesses of Sumitomo Trust

At Sumitomo Trust, we are striving to maximize customer value by strengthening the expertise of each business group, while promoting close coordination between groups.

Retail Financial Services Group

Customers in their 50s and above, whom we have named the "Trust Generation," will have increasing needs for asset management and asset servicing as they are anticipated to obtain large amounts of assets due to retirement or inheritance. Accordingly, we have been putting our efforts into developing products and offering services that target the needs of this Trust Generation. We are creating a retail business with a presence distinct from those of Japan's mega-banks by our marketing style that leverages: (1) customer-oriented consulting that puts an emphasis on customer satisfaction and relationships; and (2) our expertise and knowledge in the pension and real estate market businesses.

We are also taking an increasingly vigorous approach to our CSR-related products. In addition to the steady growth in the balance of our loans for environmentally friendly houses, our SRI fund "Good Company," which we began selling to individuals in December 2003, has grown to become one of the largest funds among similar funds in Japan.

Wholesale Financial Services Group

Making our business model "the bank that enhances clients' corporate value" and leveraging our advantage to have a cross-selling platform of commercial banking, trust, and real estate services, this business group responds to various funding needs through our broad range of services including syn-

dicated loans, non-recourse loans, project finance, and securitization, as well as conventional loans. In addition, we demonstrate our strength in our consulting services, which provide proposals that lead to improvements in corporate value, and the stock transfer agency business.

As for activities that promote CSR with respect to wholesale financial services, we have been providing project finance for waste disposal-related facilities in recent years, in addition to boasting top-class performance in Japan with regard to our project finance for wind power generation facilities. In the coming years, we will further strengthen our financial services that support client companies' efforts to reduce global warming gases in particular, thereby contributing to their promotion of CSR activities.

Treasury and Financial Products Group

This business group supports the finance function of the entire company by conducting its investment business—management of potential market risks across Sumitomo Trust's business operations and investment conducted on our own account, while supporting the activities of both the retail and wholesale groups through market-making operations and the syndication and sale of market-based financial products. In fiscal year 2004, we began offering market-risk consulting to our customers utilizing our know-how acquired through in-house risk management to outside clients. In addition, we are developing products that meet our customers' needs including "Foreign Exchange Margin Trust," the first in Japan. In the coming years, in conjunction with the entry into force of the Kyoto Protocol, we will also give consideration to the commercialization of emission derivatives.

Fiduciary Services Group

This business group carries out the following businesses: (1) trustee of pension assets (asset management and asset servicing for pension assets) and pension system planning; (2) investment management (asset management, investment advisory); and (3) securities processing services.

We command the largest share of the public pensions market, and in the corporate pensions areas, our capability to comprehensively offer services and products (multi-plans, multi-products) catering precisely to customer needs are highly rated.

With respect to investment management, our capabilities in this area have earned a solid reputation with our many experienced analysts and fund managers.

In securities processing services, we are developing processing services in collaboration with Japan Trustee Services Bank, Ltd. (JTSB), an affiliate specializing in securities processing with approximately ¥120 trillion worth of entrusted assets. In addition, we are providing global custody and securities lending services through our foreign subsidiary.

Regarding CSR activities, we were one of the first in Japan to introduce an SRI fund in the defined benefit pension plan

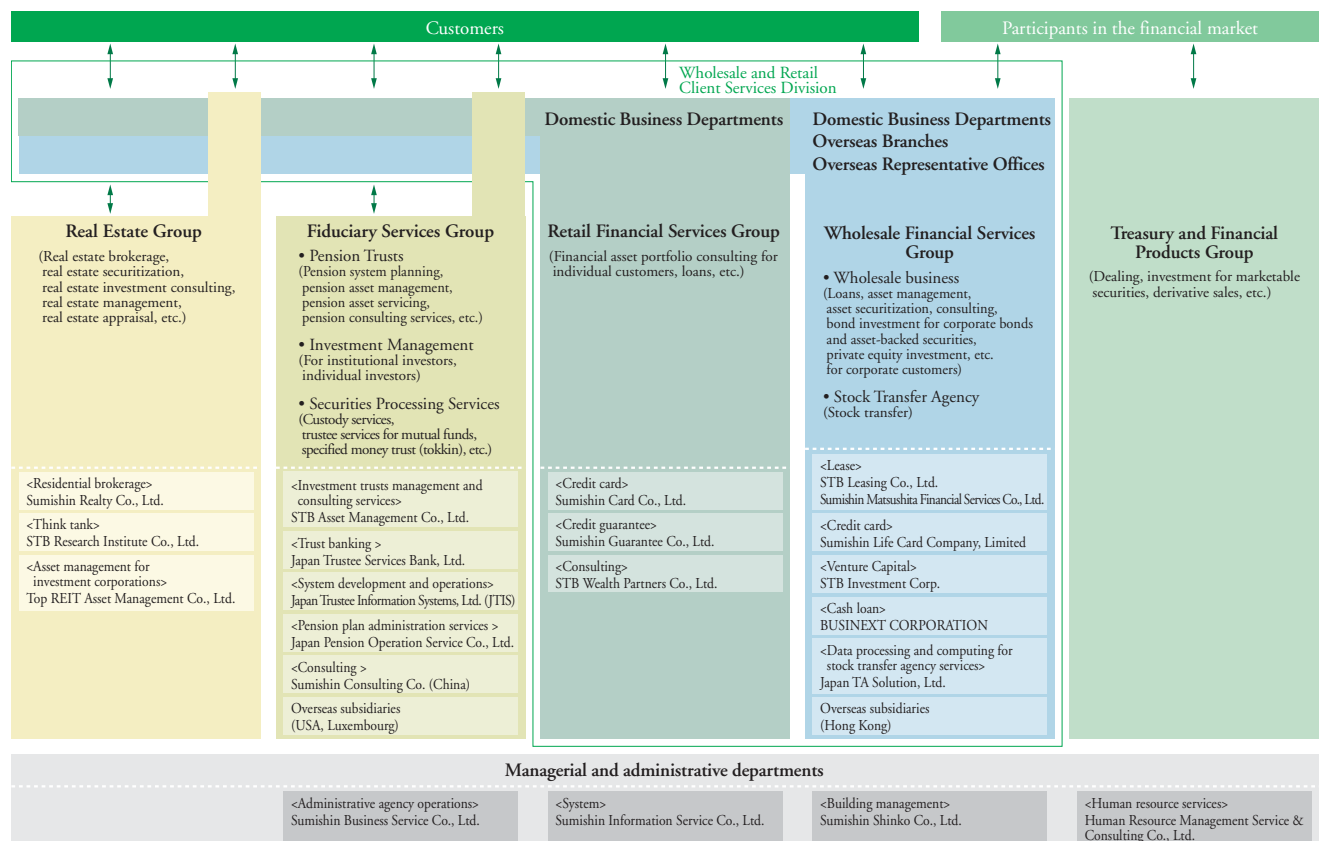
market, and our customer base for the SRI fund in the defined contribution pension plan market is also steadily expanding. Furthermore, we are striving to enhance financial education for children and investment education at workplaces.

Real Estate Group

This business group provides various real estate-related services, utilizing our expertise in corporate finance consulting, real estate brokerage, as well as real estate development, construction, and management. As real estate securitization including J-REIT becomes increasingly prevalent, we have a department specializing in real estate securitization and are arranging numerous securitization matters. In addition, our business in real estate management trust has been successful in tandem with securitization. Furthermore, by leveraging our know-how on real estate investment, our real estate investment consulting business is also proving effective. We have been able to achieve satisfactory results in the effective use of land assets as well as consulting on architecture and buildings, and have been recommending environmentally conscious construction at the design stage.

* For details on each of Sumitomo Trust's business groups, please refer to The Sumitomo Trust & Banking Co., Ltd. 2005 Annual Report.

Description of Businesses



Basic Philosophy

Sumitomo Trust positions CSR as a top priority governing our business activities, and our CSR principle is not a recent innovation. As is illustrated by the Creed drawn up by Teigo Iba, Second Director General of the Sumitomo Family Enterprise, which states that “Sumitomo’s business must benefit not only Sumitomo itself but also the nation and society in general,” this principle of attaching importance to a company’s responsibility to society has been deeply ingrained in Sumitomo’s

Ethics Charter of Sumitomo Trust

1. Securing unwavering trust from society

Sumitomo Trust fully understands its social responsibility and public mission as a trust bank which puts priority on confidence and honesty, and aims at securing unwavering trust from society by engaging in sound business on the basis of rigorous self-discipline.

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

Sumitomo Trust provides high-quality financial products and services by constantly adapting itself to changes in business environment and grasping new social requirements accurately and promptly.

3. Strict adherence to laws and social regulations

Sumitomo Trust strictly adheres to all laws, rules and social regulations. At the same time, it respects human rights and does not trespass against moral law, behaving with honesty and fairness.

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

Sumitomo Trust’s Directors are united in aiming at open-mindedness and generosity in managing the Bank by creating a pleasant working environment and respecting everyone’s personality and individuality.

5. Strong stand against anti-social elements

Sumitomo Trust maintains a strong stand against any social element which threatens public order and safety.

6. Transparency in management at all times

Sumitomo Trust resolutely preserves the transparency of its management through the timely disclosure of corporate data.

DNA throughout its approximate 400-year history.

Since our foundation in 1925, we have adhered to Sumitomo’s Creed as our management principle, and the Ethics Charter of Sumitomo Trust and Social Activity Charter, basic principles for all directors and employees formulated on the basis of our business principle, are being enforced among directors and employees as guidelines for our CSR conduct.

Social Activity Charter

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

1. Pursue sustainable social development

We shall target 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.

CSR Promotion System

CSR Committee and Corporate Social Responsibility Office
In June 2003, we set up the CSR Committee consisting of the chairman, president, deputy president executive officer, senior executive officers, and managing executive officers with the aim of promoting CSR management at all of our divisions. The Committee deliberates basic CSR-related strategies and monitors the progress of in-house CSR initiatives. In addition, we established the Corporate Social Responsibility Office within our Corporate Planning Department. The role of the Office is to act as a control tower for the activities aimed at fulfilling CSR. The Office also provides various advice to the branches and offices in Japan and overseas from a companywide perspective.

Strengthening Efforts for Everyday Operations

From fiscal year 2004, we have been strengthening our efforts at the Office as well as each business group and branch in achieving CSR in our everyday operations. In addition to posting CSR staff to all domestic and overseas branches and offices, we have sought to link CSR objectives with strategies and evaluation criteria of our business groups and we have launched trial evaluations of each group's performance.

We also believe it is essential for each and every employee to raise his or her awareness of the significance of CSR and take cooperative steps for initiatives to work. To this end, we distribute the Charter Card, on which is printed copies of the Ethics Charter of Sumitomo Trust and Social Activity

Charter, to all directors and employees and asking 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 spreading the information introducing the efforts of the branches and offices through our in-house intranet (Sumitomo Trust Knowledge Bank).

We hold in-house promotion meetings for all branches and offices, as well as discussion forums targeted mainly at our younger employees. The in-house promotion 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 CSR trends, our position on CSR, and the CSR promotion system, as well as to give advice to branches and offices regarding their activities. This is followed by a Q&A session. Meanwhile, at the discussion forums, employees voluntarily meet to extensively exchange opinions on the modality of our CSR initiatives, our ideas on new CSR activities, as well as other topics, bringing to the table issues we are aware of in our daily lives.

(Past Performance)

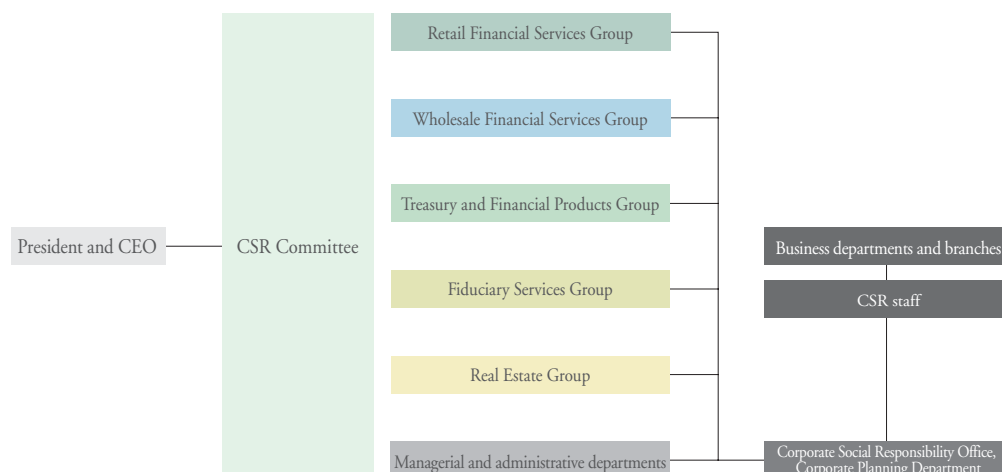
In-house promotion meetings:

81 meetings, 2,050 attendees in total

Discussion forums:

9 forums, 57 attendees in total

CSR Promotion System



Summary of Sumitomo Trust's CSR Activities

Categories of Activities	Concrete Actions	Page No.
Promotion of High Transparency in Management	Participation in the UN Global Compact	3
	Corporate governance	12
	Internal control system	13
	Internal audit	13
	Information disclosure	13
	Compliance	14-15
	Structure	15
	Personal data management	16
	Risk management	17
Contributions through Our Business Activities	Risk management structure	17
	Overall risk management	17
	Crisis management	17
	Socially Responsible Investment (SRI)	20-21
	Products and services that contribute to reducing the burden on the environment	22
	Housing loans	22-23
	Project finance	23
	Consulting related to real estate	23
	Construction consulting	24
Efforts toward Environmental Conservation	Response to the Soil Contamination Countermeasures Law	24
	Commitment to Customer Satisfaction	24
	Seeking out our customer's opinions	25
	Creating senior-friendly branches	25
	Creating senior-friendly branches with service assistants at every branch	25
	Introduction of a mobile device equipped with a fingerprint authentication function	25
	Formulation of environmental policy	26
	Participation in international environmental conservation Activities	26
	United Nations Environment Programme Finance Initiative (UNEP FI)	26-27
Responsibilities as a Corporate Citizen	WWF Japan	27
	Efforts to reduce the burden on the environment in the business cycle	27
	Monitoring environmental performance	28
	Efforts to conserve resources and energy	28
	CO ₂ reduction	28-29
	Reduction of waste material	29
	Adoption of environmentally friendly materials and products	29
	Adoption of low-emission vehicles	29
	Promoting green purchasing	29
Creating a Pleasant Working Environment	Utilization of environmentally friendly materials	29
	Charitable trusts	30-31
	Cultural assistance	31
	"Love Letters at Sixty"	31
	Sponsoring "Sumitomo Trust Tokyo Cup" youth soccer tournament	32
	Educational assistance	32
	Establishment of Sumitomo Management Technology Forum	32
	Supporting "J-Leader" Program	32
	Activities of the Trust 60 Foundation	33-35
	Working as a member of the local community	33-35
	Community-based social contribution activities by business branch	36-37
	Personnel system	37
	Frameworks	37
	Career system	37
	Work group system	37
	Personnel evaluation system	37
	Breakdown of employment	37
	Promotion of female participation	37
	Employment of disabled persons	38
	Development of human resources	38
	Internal job posting system	38
	Training programs	38
	Human rights education	38
	Management-labor relations	38-39
	Enhancing the comfort and safety of the workplace	39
	Health management system	39
	Regular health examinations	39
	Medical advice and counseling	39
	Supporting the next generation	39
	Assistance program for the next generation	39

GRI Content Index

Global Reporting Initiative (GRI):

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

Core Indicators Additional Indicators

Indicator	Page No.
1. Vision and Strategy	
1.1 Statement of the organisation's vision and strategy regarding its contribution to sustainable development	h2, 1-5, 8
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	43
2.2 Major products and/or services, including brands if appropriate	6-7, 10, 20-25, 29-31
2.3 Operational structure of the organisation	6-7, 12-13, 18-19
2.4 Description of major divisions, operating companies, subsidiaries, and joint ventures	6-7, 13-14, 16, 18, 33-35
2.5 Countries in which the organisation's operations are located	43
2.6 Nature of ownership; legal form	43
2.7 Nature of markets served	6
2.8 Scale of the reporting organisation	43
2.9 List of stakeholders, key attributes of each, and relationship to the reporting organisation	1
Report Scope	
2.10 Contact person(s) for the report, including e-mail and web addresses	43
2.11 Reporting period (e.g., fiscal/calendar year) for information provided	1
2.12 Date of most recent previous report (if any)	1
2.13 Boundaries of report and any specific limitations on the scope	1
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)	27
Report Profile	
2.20 Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability report	1, 41-42
2.21 Policy and current practice with regard to providing independent assurance for the full report	40
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)	1, 7
3. Governance Structure and Management Systems	
Structure and Governance	
3.1 Governance structure of the organisation, including major committees under the board of directors that are responsible for setting strategy and for oversight of the organisation	12-14
3.2 Percentage of the board of directors that are independent, non-executive directors	12
3.4 Board-level processes for overseeing the organisation's identification and management of economic, environmental, and social risks and opportunities	14-17
3.6 Organisational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social, and related policies	12-17
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	8, 15, 26, 36, 39
3.8 Mechanisms for shareholders to provide recommendations or direction to the board of directors	12-14
Stakeholder Engagement	
3.9 Basis for identification and selection of major stakeholders	1
3.10 Approaches to stakeholder consultation reported in terms of frequency of consultations by type and by stakeholder group	13-14, 38-39
3.12 Use of information resulting from stakeholder engagements	24-25, 41-42
Overarching Policies and Management Systems	
3.13 Explanation of whether and how the precautionary approach or principle is addressed by the organisation	14-17
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	3, 26
3.15 Principal memberships in industry and business associations, and/or national/international advocacy organisations	20-21, 26-27
3.19 Programmes and procedures pertaining to economic, environmental, and social performance	2, 10, 27
3.20 Status of certification pertaining to economic, environmental and social management systems	25

Indicator	Page No.
4. GRI Content Index	
4.1 A table identifying location of each element of the GRI Report Content, by section and indicator	11
5. Performance Indicators	
Economic Performance Indicators	
Customers	
EC1 Net sales	18
Employees	
EC5 Total payroll and benefits (including wages, pension, other benefits, and redundancy payments) broken down by country or region	37
Providers of Capital	
EC6 Distributions to providers of capital broken down by interest on debt and borrowings, and dividends on all classes of shares, with any arrears of preferred dividends to be disclosed	19
Public Sector	
EC9 Subsidies received broken down by country or region	32
EC10 Donations to community, civil society, and other groups broken down in terms of cash and in-kind donations per type of group	31-35
Environmental Performance Indicators	
Energy	
EN3 Direct energy use segmented by primary source	27
EN17 Initiatives to use renewable energy sources and to increase energy efficiency	29
Water	
EN5 Total water use	27
Emissions, Effluents, and Waste	
EN8 Greenhouse gas emissions	27
EN11 Total amount of waste by type and destination	27
Social Performance Indicators	
Employment	
LA1 Breakdown of workforce	37
LA12 Employee benefits beyond those legally mandated	39
Diversity and Opportunity	
LA10 Description of equal opportunity policies or programmes, as well as monitoring systems to ensure compliance and results of monitoring	36-39
LA11 Composition of senior management and corporate governance bodies (including the board of directors), including female/male ratio and other indicators of diversity as culturally appropriate	12-13, 37
Training and Education	
LA16 Description of programmes to support the continued employability of employees and to manage career endings	38
LA17 Specific policies and programmes for skills management or for lifelong learning	38
Strategy and Management	
HR1 Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results	38-39
HR8 Employee training on policies and practices concerning all aspects of human rights relevant to operations	38
Disciplinary Practices	
HR10 Description of non-retaliation policy and effective, confidential employee grievance system (including, but not limited to, its impact on human rights)	14-15
Community	
SO1 Description of policies to manage impacts on communities in areas affected by activities, as well as description of procedures/ programmes to address this issue, including monitoring/ systems and results of monitoring	33-35
SO4 Awards received relevant to social, ethical, and environmental performance	34-35
Customer Health and Safety	
PR6 Voluntary code compliance, product labels or awards with respect to social and/or environmental responsibility that the reporter is qualified to use or has received	25, 29, h4
Products and Services	
PR2 Description of policy, procedures/management systems, and compliance mechanisms related to product information and labelling	14-16
PR8 Description of policy, procedures/management systems, and compliance mechanisms related to customer satisfaction, including results of surveys measuring customer satisfaction	24-25
Respect for Privacy	
PR3 Description of policy, procedures/management systems, and compliance mechanisms for consumer privacy	15

Promotion of High Transparency in Management

Corporate Governance

Since our foundation in 1925, we have adhered to two core management principles: “confidence and integrity” (the essence of the trust business) and “placing prime importance on credibility and sound management” (Sumitomo’s basic business principle). These principles are based on the recognition that we need the unwavering confidence of all stakeholders in carrying out social responsibility and a public service mission, in light of the highly public nature of our trust services.

Under such management principles, we have positioned corporate governance as a mechanism for management decision-making, execution, and supervision, which is designed to ensure sustainable corporate growth and development via highly efficient and transparent management. To this end, we are constantly working to improve our corporate governance system.

Supervisory System for Decision-Making, Execution, and Supervision

In 1999, we introduced an executive officer system, followed by a business group management system in 2000. These reforms enabled us to speed up our business decision-making. Presently, as of June 2005, we have two directors, nine directors who serve concurrently as executive officers, and 17 other executive officers. Decisions on important business matters are made at the Board of Directors meetings, which are attended by all directors, and business decision-making is supervised by directors and executive officers. Also, the Executive Committee, which reports directly to the Board of Directors, makes decisions on matters related to

business policies and other important issues. In addition, various committees examine and make decisions on business strategy, risk management, and other important matters.

ALM Committee

(Held more than once a month)

Makes decisions on the basic policy for asset-liability management to ensure appropriate and sound management of assets and liabilities, including off-balance transactions (financial derivatives, etc.).

Credit Risk Committee

(Held once a week)

Makes decisions on basic policy for credit control and loan and investment items, etc., to strengthen and expand the management base, make the best use of our funds, and maintain sound assets.

Pension Fund Investment Committee

(Held four times a year)

Makes decisions on basic management policy to ensure management of pension trust assets and asset accumulation investment trusts based on the goal of trust and sound maintenance of assets.

Trust Fund Investment Committee

(Held four times a year)

Makes decisions on fundamental management policy to ensure management of non-designated money trusts aiming for securities investment, money trusts, etc., including designated money trusts (unit type) and independently managed designated money trusts, based on the goal of trust, as well as the sound maintenance of assets.

Internal Audit and Corporate Auditor System

We have established the Internal Audit Department, which is the department that conducts internal auditing independently from other departments. Chaired by the president and CEO himself, the Internal Audit Department verifies the appropriateness and effectiveness of our internal management system (including the risk management system), and has the responsibility of strengthening the positions and contributing to the improvement of the system and business through its guidance and recommendations.

We have adopted a Corporate Auditor system. The Board of Statutory Auditors consists of five auditors, including three full-time auditors (one of whom is an outside auditor) and two part-time auditors (outside auditors). The Board of Statutory Auditors conducts its audits from the viewpoint of consolidated operations,

taking into particular consideration the status of the execution of business strategies, risk management, and compliance based upon auditing policies and auditing plans formulated by the Board of Statutory Auditors.

Moreover, the statutory auditors hold meetings with the Internal Audit Department and the accounting auditor, and receive reports on auditing plans, auditing results, etc. Through the strengthening of coordination by, for example, exchanging opinions, we are aiming for a further enhancement of auditing capabilities.

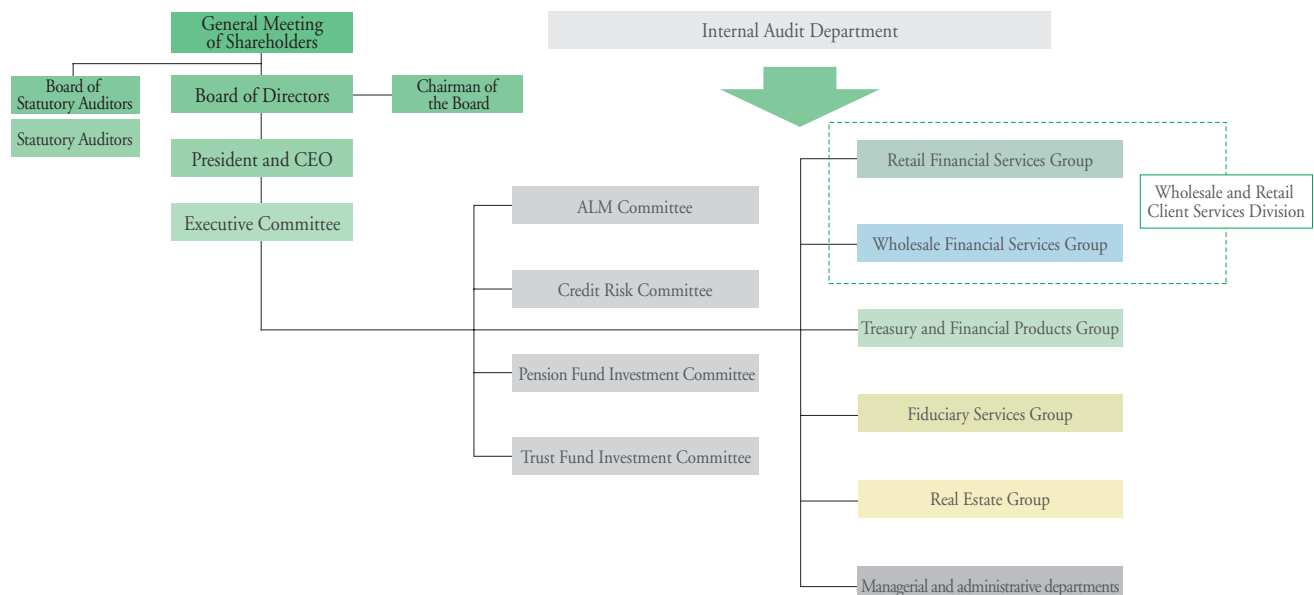
With regard to our accounting audit, we have concluded an audit contract with KPMG AZSA&Co.

Management Transparency and Information Disclosure

As an essential element to ensure management transparency, we are striving for fair, timely, and appropriate information disclosure.

(1) Formulation of the Disclosure Policy
Following the trend for strengthening internal control related to information disclosure in the business, we established the Disclosure Committee in June 2005. The Disclosure Committee will examine concrete policies for the planning, evaluation, and maintenance of disclosure control procedures and offer its opinions to the Executive Committee so that there is fair, timely, and appropriate disclosure of our management-related information to the outside. We have also formulated the Disclosure Policy as a fundamental policy with regard to the overall disclosure of our company information, and have decided upon and announced our concrete thoughts concerning disclosure standards, methods, and the treatment of forward-looking information, among others. Furthermore, we are adjusting our Supervisory System in order to implement fair, timely, and appropriate disclosure by establishing internal disclosure regulations and other related regulations.

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



(2) Proactive IR Activities

We proactively undertake investor relations (IR) activities, which we define as “two-way communication between our stakeholders, including investors, and management.” In the Awards for Excellence in Corporate Disclosure by the Security Analysts Association of

Japan, which evaluates the level of IR consciousness of top management, adequate management information and data disclosure, and the level of organizational capability within the IR department, among others, we have been ranked first in the banking division for four consecutive years. Moreover, we

are actively disclosing information to individual investors, who have been increasing in number in recent years. In June and July of 2005, we held company information sessions for individual investors in seven cities across the country, including Tokyo, Osaka, Nagoya, and Fukuoka.

Compliance

Trust banks are engaged in an array of activities that contribute to the stabilization of Japan’s financial system, the development of the national economy, and the enhancement of social welfare through banking as well as trust and other financial services. In order to fulfill such responsibilities and earn the unwavering confidence of society, we have positioned compliance activities as one of our top management priorities. For this reason, in our Ethics Charter (formulated in April 1998), which highlights our business ethics and code of conduct, we have vowed to “strictly adhere to all laws, rules, and social regulations,” “respect human rights, avoid ethical misconduct and not trespass against moral law,” and “behave with honesty and fairness.”

Structure

We are promoting an improvement of the compliance structure in response to revisions of laws and ordinances such as the Trust Business Law and the Personal Data Protection Law, centering on the Board of Directors, Compliance Committee, the Legal Department’s Compliance Office, and compliance officers at our head office and at all branches and offices in Japan and overseas.

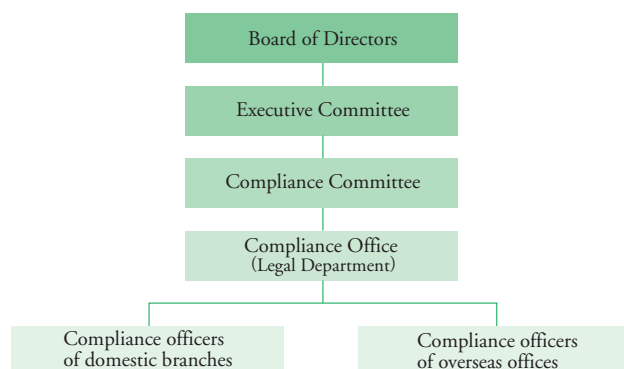
The Compliance Committee (committee chair: the director in charge of the Legal Department) monitors our compliance structure, and examines fixes problems, and makes reports and gives advice to the Board of

Directors, as necessary. The Legal Department’s Compliance Office functions as the business office of the Compliance Committee. It is in charge of planning and promotion related to the compliance structure, and also centrally manages measures related to compliance by cooperating with each related department. Furthermore, every compliance officer works to ensure diffusion and thoroughness of compliance at his or her respective branches and serves as a liaison with employees as well as a contact point with the Compliance Office. In addition, we set up a Compliance Hotline through which employees can make direct reports to management, and we are working to quickly discover problems.

Initiatives

In order to realize thorough compliance, we have compiled a Compliance Standards Manual containing fundamental policies that all employees must be familiar with to carry out their daily business activities. Furthermore, in addition to promoting companywide activities based on the Compliance Program, which is an annual practice plan related to compliance, each department formulates an independent practice plan and promotes adjustments. Primary compliance checks are

Compliance System



made at all domestic and overseas departments and branches, centering on compliance officers, and further secondary checks are done by the Internal Audit Department.

With regard to compliance training, we are conducting companywide training on overall compliance as well as training by theme for individual businesses. In addition to upgrading content, we conduct voluntary training at each department and branch more than once every six months, and the Legal Department's Compliance Office monitors the status of such training, while ensuring that fundamental compliance issues are fully understood throughout the organization.

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
-

Strict Personal Data Management

In 1999, with the formulation of the Information Security Policy and Information Security Standards, we drew up regulations regarding the establishment, maintenance, and improvement of information security. We have subsequently made several revisions to these regulations in response to the changes in the information security environment. At the same time, we have endeavored to fully educate all of our employees on information security issues through in-house training programs. In this way, even prior to the enforcement of the

Personal Data Protection Law, we have been voluntarily promoting the protection of personal data by designating principles that are to be adhered to in the collection, use, and storage of personal data, as well as employees responsible for the management of personal data. Furthermore, in addition to having established the Personal Data Protection Promotion Office as an internal system and announcing our privacy policy in October 2004, we have been undertaking activities with regard to personal data protection measures ahead of other banks. Since the enforcement of the Personal Data Protection Law on April 2005, we are reinforcing the existing management system, conducting a review of various regulations, and striving for thorough personal data management.

At the same time, we are striving to maintain and increase the security and reliability of the computer systems that we use to manage various forms of data, including customer data by implementing various measures in the areas of equipment, operations, and technology. We constantly endeavor to strengthen our computer systems. For example, we monitor our systems continuously for attacks over the Internet and through other open networks, including hacking and denial-of-service attacks. We also have specialists survey our systems for weaknesses on a regular basis.

Although we have prepared such a thorough data management system, we have also established a system for responding quickly to events such as the leakage of personal data. The Operational Accident Notification System notifies the relevant employees immediately in the event of data leakage, and if necessary, the cross-sectional Information Management Committee examines the situation, determines the

cause, and considers measures to prevent a recurrence of the problem.

With a view to working toward strict management in accordance with the Personal Data Protection Law taking full effect, we recently examined the status of computer output microfilms (COM), internal documents printed on A3-size paper, and other materials containing personal data that are stored at each of our branches. As a result, it was discovered that a portion of these materials were missing (number of personal data items lost: 6,033; number of branches which lost materials: 44; data items included in lost materials: customer names, transaction numbers, account numbers, balances, etc.). The majority of the missing materials were from before 1999. According to an internal investigation, there is a high possibility that the materials were disposed of as a result of errors within the company, and we believe that there is very little concern that such materials were leaked outside.

As of July 2005, there have been no events such as issues of secondary damage or occurrences of similar situations with regard to this incident. Nevertheless, Sumitomo Trust takes this situation seriously, and we will work to further tighten our personal data management through efforts such as looking into ways to upgrade our data management methods in order to prevent a recurrence.

Risk Management

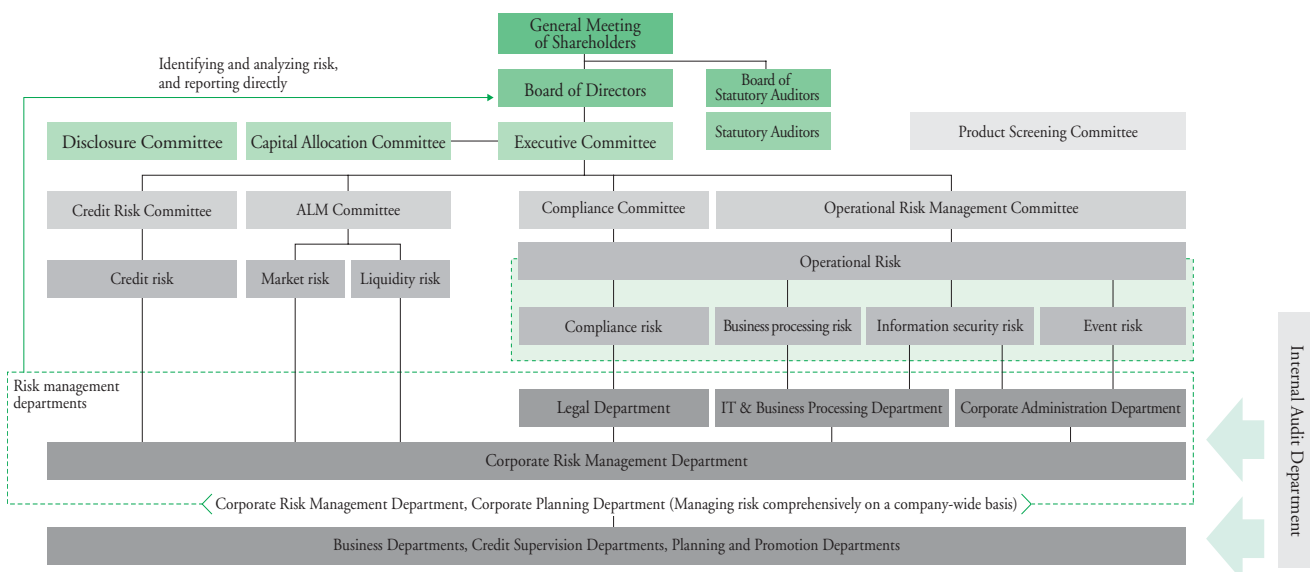
Business opportunities for financial institutions have expanded dramatically due to the deregulation and globalization of financial markets as well as the growing sophistication of financial technology. However, financial institutions also face an increasingly diverse and complicated range of risks. In this environment, ensuring that the risk management structure can effectively handle these risks has become a central management issue for financial institutions. We have placed a high priority on making our risk management more sophisticated and work continually to enhance our structure for identifying and analyzing various types of risks, determining the appropriate risk exposure, carrying out proper management and control measures, and ensuring compliance with all relevant regulations.

Risk Management Structure

Along with deciding upon our basic plan for risk management at the Board of Directors, we have established departments which control risk by category. These departments consist mainly of managerial and administrative departments that were spun off from the business groups responsible for generating earnings. Specifically, the departments that have been assigned the task of controlling risk are (1) the Corporate Risk Management Department, which oversees credit, market, and liquidity risk, as well as overall operational risk, and (2) the Legal Department, which is in charge of compliance. This is in addition to those that cover categories included in operational risk, which are (3) the IT & Business Processing Department,

which is in charge of business processing risk as well as information security risk and risk related to computer system problems and damage to hardware stemming from accidents and breakdowns, and (4) the Corporate Administration Department, which covers event risk and information security risk related to the leakage of corporate and customer data. These departments carry out risk monitoring and analysis as well as planning and promoting the most appropriate risk management structure. The Corporate Risk Management Department and the Corporate Planning Department are responsible for cross-company adjustment regarding overall operation and management of these various types of risk. Moreover, the Internal Audit Department verifies the appropriateness and effectiveness of the internal

Risk Management Structure



control system, including the departments in charge of risk management. The Board of Directors regularly receives reports on the situation related to the control and management of each type of risk.

The Product Screening Committee identifies and assesses the risk related to new products and businesses, thereby contributing to establish an appropriate risk management structure.

Overall Risk Management

Overall risk management is a series of activities to ensure soundness through controlling risk within the range of a company's financial strength, looking at the various risks that a company faces with a common perspective in an integrated manner.

We control the risk of capital being damaged by determining the overall possible risk burden based on our financial strength and setting an

upper limit for each risk unit and department that is commensurate with operation plans. We carry out efficient and appropriate risk operation as a result of our introduction of management indicators, Value at Risk (VaR)*¹ and Shareholders Value Added (SVA)*², as pillars of overall risk management. Moreover, we have a structure in which our Capital Allocation Committee, which is an advisory board of our Executive Committee, examines and verifies our capital adequacy, and gives advice and recommendations to the Executive Committee.

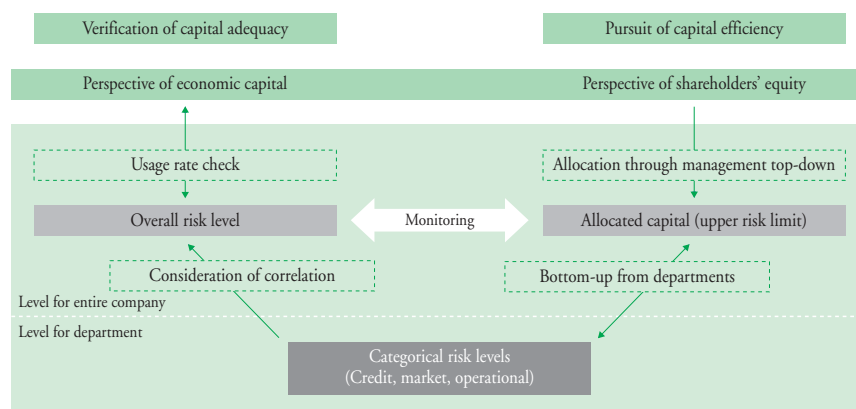
*¹ Value at Risk (VaR): The greatest amount loss forecast within the range of a certain probability based on an integrated level risk, taking into account the correlation of risk of each risk unit.

*² SVA (Shareholders Value Added) = Net Business Profit - Capital Costs (gains that investors expect in return for investment risk). An SVA exceeding zero indicates that positive shareholders' value is generated.

Crisis Management

We have devised a system for sustaining business operations even in emergency situations, such as natural disasters and wars, through measures that include setting up an emergency headquarters. We have also installed backup measures like alternative offices and business continuity plans, as well as regular carry out of integrated training to ensure its effectiveness.

Overall Risk Management Framework



Contributions through Our Business Activities

Sumitomo Trust strives to carry out CSR through its main business activities. We not only conduct regular loan and deposit services, but we also offer management and custody services for our customers' valuable assets. The social infrastructure we provide is wide ranging, including (1) procurement and management of funds leveraging our trust functions such as securitization, (2) administrative services related to pension benefits that support Japan's aging society, and (3) securities processing and stock transfer agency services which are necessary for the capital market's smooth functioning.

Financial Contributions to Stakeholders

We are striving to incorporate our identity as a trust bank in all parts of our business operations. In other words, our services are based on our marketing style, which places an emphasis on our relations with each and every one of our customers, thereby realizing a high level of customer satisfaction and long-term relationships. In addition, our expertise in such areas as pension and real estate maximizes the value of our overall services.

Profit Structure

Our profits are generated mainly through trust fees, interest income, and fees and commissions.

The uniqueness of our profit structure that utilizes commercial banking, trust services, and real estate operations lies in an area other than interest income. Instead, it lies in a higher level of revenue source than interest income, or fee revenue, which is a combination of net fees and commissions^{*1} and other trust fees.^{*2} The fee revenue share of consolidated gross business profit is steadily increasing by the year, having reached nearly 40% in fiscal year 2004.

^{*1} Net fees and commissions: Profits and losses related to the sale of mutual funds, the arrangement of market-based loans such as syndicated loans, stock transfer agency services, real estate brokerage, and real estate management.

^{*2} Other trust fees: Income related to pensions, securities processing, securitization of receivables, real estate securitization, and real estate trusts.

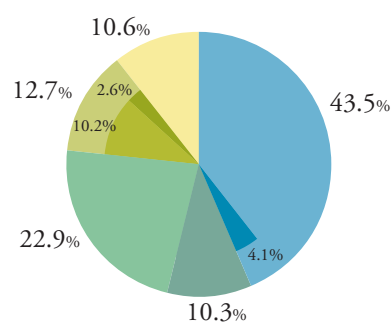
Enhancing Profitability

Regarding our performance in fiscal year 2004, consolidated net business profit before credit costs rose by ¥7.5 billion year on year to ¥161.1 billion. This was mainly due to an increase in fee income, which was mostly attributed to (1) increased sales of performance-based products such as mutual funds and individual annuities, and (2) increased net fees and commissions from real estate brokerage and real estate securitization-related services.

Consolidated net income rose by ¥17.2 billion since the previous fiscal year to a record-high of ¥96.8 billion. This was due to the drastic improvement of credit costs as a result of efforts we have been putting forth ahead of our schedule to return our assets back to health, and due to having recorded the returned reserves of allowance for bad debt as extraordinary income. The

Net Business Profit before credit costs (consolidated) by Segment

	(Billions of yen)
Wholesale Financial Services	72.8
Stock Transfer Agency	6.8
Retail Financial Services	17.2
Treasury and Financial Products	38.2
Fiduciary Services	21.3
Pension Asset Management	17.0
Securities Processing Services	4.3
Real Estate	17.7
Others	-6.0
Total	161.1



* "Others" is excluded from the calculation.

consolidated ROE is at 11.8%, continuing to maintain the above-10% level.

This year, every division is promoting its business strategy development to reach the goals for fiscal year 2008: (1) over ¥200 billion in consolidated net business profit before credit costs, (2) over ¥100 billion in consolidated net income, and (3) around 10% consolidated ROE.

Soundness of Assets

Establishing sound assets has been our top priority issue. To make this possible, we have been working to build a robust financial foundation of the highest standard in major financial institutions by disposing of non-performing loans and reducing cross-shareholdings.

For the balance of non-performing loans, by the end of March 2005, we had reduced our assets classified under the Financial Reconstruction Law (non-consolidated) by ¥104.7 billion from the previous fiscal year to ¥184.2 billion. In addition, our ratio of problem loans to total loans outstanding is the lowest of all major Japanese banks, standing at 1.8%. By asset classification, loans bankrupt and practically bankrupt fell ¥3.3 billion, and doubtful loans and substandard loans have also fell by ¥25.0 billion and ¥76.5 billion, respectively. This reflects our progress

in a final disposal of non-performing loans, in addition to improved business conditions in a part of the companies that were classified as substandard loans. Consolidated assets classified under the Financial Reconstruction Law totaled ¥192.8 billion, a reduction similar to non-consolidated assets (a year on year reduction of ¥105.0 billion).

As for stocks, while continuing efforts to reduce the risk of cross-shareholdings, we strategically made investments that would lead to future profit growth and expansion of our customer base. As a result, our cross-shareholdings (available-for-sale securities, acquisition costs) totaled ¥440.2 billion at the end of March 2005, with a ratio to consolidated Tier I, or core BIS capital, standing at 51%.

Enhancement of Capital Adequacy

Our consolidated BIS capital adequacy ratio was 12.5% at the end of March 2005. This ratio has been maintained at a high level even after having made aggressive investments in Japan and abroad in fiscal year 2004. The Tier I capital ratio, which indicates core capital adequacy, increased by 0.16 percentage points from the previous fiscal year to 7.23%. This was due to a steady increase in profit through a reduction of costs related to the dispos-

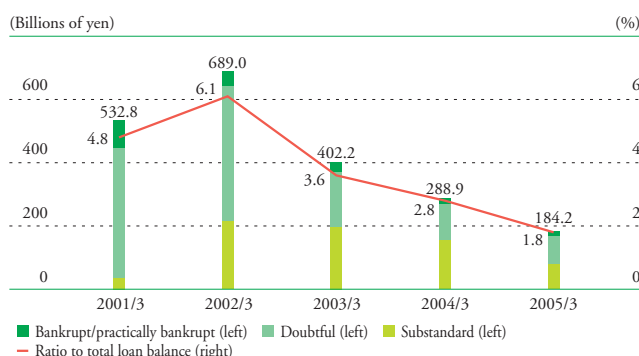
al of non-performing loans.

Consolidated deferred income tax assets fell by ¥69.7 billion from the previous fiscal year. The outstanding balance at the end of March 2005 was ¥80.3 billion. Its ratio against Tier I fell drastically to 9.3%, indicating a further enhancement in the quality of our assets.

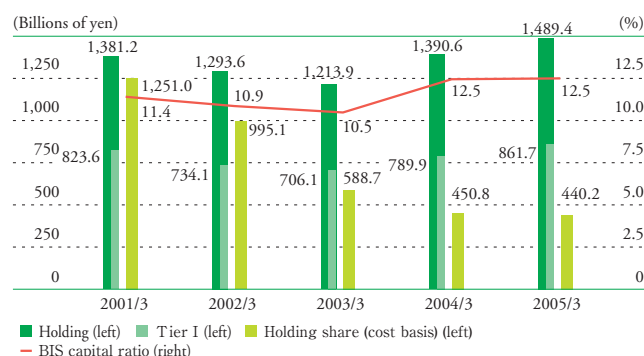
Profit sharing

We consider the return of profits to our shareholders to be one of our most important management policies. Our basic policy is to maximize profit return to shareholders according to performance through our comprehensive profit return policy that mainly consists of cash dividends and share buy-backs. We will increase corporate value through strategic investments. While doing so, by comprehensively evaluating the environment of performance and strategic investments, we have set our short-term goal for dividend ratio against consolidated net income at over 20%. Dividends for common shares at the end of fiscal year were set at ¥12 per share, which is double the rate of the previous year. Dividends were provided according to performance, a policy adopted ahead of other banks. As a result, the total dividend payment was ¥19.992 billion, and the dividend ratio rose from 12.1% to 20.6%.

Change in Balance of Non-Performing Loans (non-consolidated)



Change in Total Capital and Capital Adequacy Ratio (consolidated)



Socially Responsible Investment (SRI)



Good Company, an SRI fund trust for individual investors

Market Trends of SRI and Sumitomo Trust's Efforts

Socially Responsible Investment (SRI) is the investing method that takes social, environmental, and ethical criteria into account when investing in companies. When all the wide-ranging types of SRIs are taken into account, such as regional investment, the market for SRI in the U.S. and Europe is nearly ¥300 trillion. SRI is rapidly beginning to attract attention in Japan as well, where the market was valued at approximately ¥130 billion as of the end of June 2005.

We were entrusted with the management of SRI funds for the first time in July 2003 by a corporate pension fund, and began sales of our Good Company investment trusts in December the same year. As of the end of June 2005, the total funds we

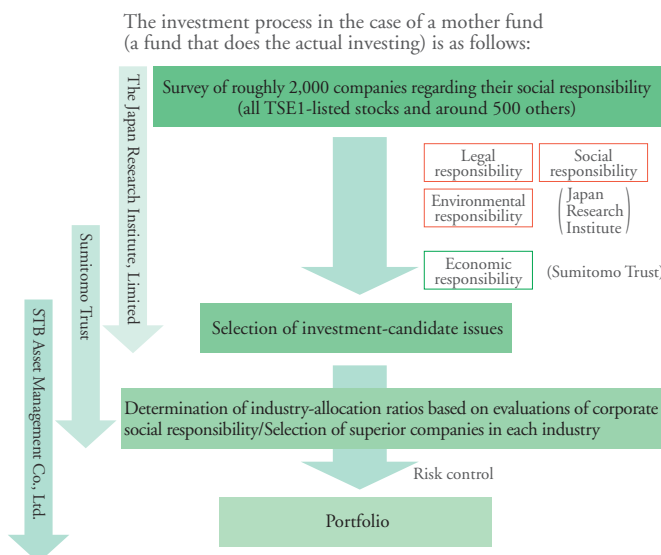
accepted from pension funds and personal investment trusts have increased to around ¥29 billion. We have also started to provide products suitable for defined-contribution pension plans since February 2004.

Characteristics of Sumitomo Trust's SRI

Sumitomo Trust's SRI is full-fledged SRI funds that evaluate the "triple bottom line"—social, environmental, and economic performance. Around 300 investment stocks are selected as investment choice potentials based on "legal responsibility," "social responsibility," and "environmental responsibility," taking into account research results by The Japan Research Institute, Limited. Then, our SRI analysts and fund managers carry out detailed research and analysis regarding "economic responsibility," and in the end, they create a portfolio involving approximately 80 stocks. In selecting the investment choices, we place our greatest emphasis on how pervasive CSR is in a company's business operations, and how its CSR influences its financial returns such as sales and profit. Specifically, we have set up five paths* that will help CSR activities lead to maximized financial returns: business revitalization; improvement of Sumitomo Trust's corporate brand; better human resources management; cost management and reductions; and risk management (including compliance). Based on these paths, we analyze the expected rate of return.

These criterias are precisely the "five paths for improving corporate value" that Sumitomo Trust upholds in its implementation of CSR activities. We have selected these paths for no

SRI Fund "Good Company" Portfolio Creation Process



* Surveys of legal responsibility, social responsibility, and environmental responsibility are conducted in cooperation with The Japan Research Institute, Limited. The company is not registered as an investment advisor and does not offer advice on investment decisions based on the analysis of the value of marketable securities held by the mother fund or the SRI fund, or the value of marketable securities in general.

other reason than our desire to evaluate ourselves with the same level of rigor that we would use for other companies, and to be a corporation that is selected for investment in by SRI funds from around the world.

*For details on the five paths, please refer to the diagram "Five Paths for Enhancing Corporate Value and Our Portfolio of CSR Efforts" on page 2.

Efforts toward Market Expansion (Collaboration with NPO/NGO)

In July 2004, we became a member of the Association for Sustainable &

Responsible Investment in Asia (ASrIA), an NPO dedicated to promoting sustainable SRI practices in the Asia Pacific region. In March 2005, we joined the Social Investment Forum Japan, an NPO that promotes SRI within Japan. Sumitomo Trust participated in the panel discussion at the anniversary symposium of the Social Investment Forum in December 2004 as a representative of institutional investors. We also gave a presentation at an SRI fund seminar series "What investors should know about SRI fund management" in June 2005.

Further, we actively present proposals on ways to expand the SRI market. At the Committee for Promotion of CSR Management of the Keizai Doyukai (Japan Association of Corporate Executives), we gave a presentation entitled "The Current Status and Issues of SRI in Japan" in December 2004.

Comments by an SRI Investment Manager



Tsukasa Kanai, Deputy General Manager of Pension Investment Department and Corporate Planning Department

Two years have passed since we accepted SRI fund for the first time in July 2003. As the Corporate Social Responsibility Office, the section responsible for promoting CSR, was established a month earlier in June, we at Sumitomo Trust feel that SRI and CSR literally have a twin-like relationship.

The first SRI fund we provided was for the corporate pension fund

consumer. This was because we believed SRI was a new investment method that would generate high interest income. As long as we were to participate in the SRI market, we were determined to provide the level of investment management acceptable for corporate pension funds, which require the most rigorous fiduciary responsibilities. Our first customer, who had thought that the strength of a corporation lay in human resource management, was delighted. The customer commented, "This is exactly the kind of investment management we were looking for," and eagerly considered our offerings. Since then, we have been surprised by the unexpected number of inquiries we have received from various sources including newspaper and TV stations, human rights groups, and students. Thanks to the unified efforts of our colleagues, which were put forth into this fund, our SRI fund has rapidly expanded right from the time of its launch and has become one of the largest SRI funds in Japan.

While the size of the global SRI market has already reached ¥300 trillion, the domestic market is still only around ¥130 billion. I hope that a further expansion of the SRI funds market in Japan will revitalize CSR activities and establish a flow of new funds that will lead to the establishment of a sustainable society. To this end, we welcome the entry of more asset management companies to enter the SRI field and competition with one another in a healthy rivalry. To help make this possible, we actively offer proposals outside the Company. This may create more rivals, but as a pioneering institution, we aim to enhance our efforts in a wide range of areas to strengthen our investment management capabilities. Some of our efforts will include reinforcing our survey system and stock analysis power, and expanding investments in small to medium-sized stocks.

Providing Products and Services That Contribute to Reducing the Burden on the Environment

Providing Housing Loans for Environmentally Friendly Houses

With the Kyoto Protocol taking effect, there is a growing global trend toward preventing further global warming. Since becoming a signatory to the United Nations Environment Programme, we have explored the development of financial products that contribute to the promotion of energy (electric power) self-sufficiency so as to help reduce global warming gas emissions from households. In March 2004, in cooperation with Sekisui Chemical Co. Ltd., we began providing a special housing loan for environmentally friendly houses with built-in

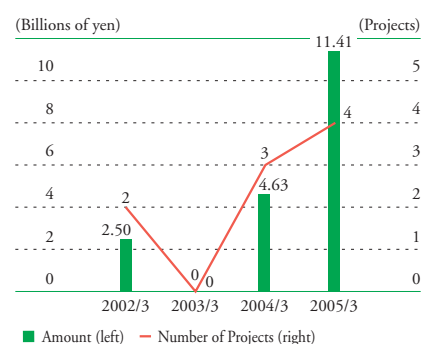
solar power generation systems. This housing loan is structured in such a way as to not only provide favorable loan terms, but also for the interest rate to decline in accordance with an expansion of solar power generation capacity.

In addition, we provide loans with favorable terms for PanaHome Corporation's "Eco-life Homes" (built-in solar power homes, super-insulated energy-efficient homes, etc.), the "Solartown" (a town consisting mainly of houses equipped with Ecology, Kubota Corporation's roof-integrated solar power system), and SANYO Homes Co., Ltd.'s IT-solar power equipped houses.

Financing Environmentally Conscious Projects

Prior to making CSR a fundamental part of our management strategy, we

Number of Environmentally Conscious Projects



Examples of Financing Environmentally Conscious Projects (FY2004)

Project	Client	Outline	Sumitomo Trust Investment/ Total Investment (100 millions of yen)	Period (signed)
• Tokyo Rinkai Recycle Power Generation	Tokyo Rinkai Recycle Power Corporation (Main shareholders: Tokyo Electric Power Company, Shimizu Corporation, Ebara Corporation, others)	As one element of the urban renewal project being promoted for Tokyo by the national government, this project is a part of 'Tokyo Super Eco Town,' which is intended to solve the problem of waste disposal in the Tokyo area. This project features the purchase of municipal land in the Tokyo Bay area and the construction and administration of a waste recycling and electric power facility with the largest waste-treatment capacity in Japan.	38/230	July 2004
• Kamaishi Wind Farm	Tomen Power Kamaishi Corporation (Main shareholder: Eurus Energy Japan Corporation)	Straddling the hills of Kamaishi City, Otsuchi Town, and Tono City in Iwate Prefecture, Kamaishi Wind Farm is one of Japan's largest wind power generator facility with 43 1,000kw turbines capable of producing a total of 42,900kw of electric power. Through its 17-year contract with Tohoku Electric Co., Inc., it provides power for the equivalent of roughly 30,000 households (completion of construction: December 2004).	30/60	September 2004
• Misaki Wind Park	Misaki Wind Power Corporation (Main shareholders: Marubeni Corporation, Shikoku Electric Power Co., Inc., Ikata Town, Nishiuwa-gun, Ehime Prefecture)	A wind power generator facility with 20 1,000 kw turbines built in Ikata Town, Nishiuwa-gun, Ehime Prefecture, capable of producing 20,000kw. This operation is scheduled to start supplying Shikoku Electric Co., Inc. with power in October 2006 under a 17-year contract.	23/30	March 2005
• Sainokuni Resource Recycling Factory Maintenance Project • Multiple Construction By-Product Recycling Facilities Project	Saitama Environment Tech (Shareholders: Recycling Cooperative Association of Saitama Prefecture, Matsuzaka Electric, Yamagishi Life Corporation)	A project that recycles construction by-products in the Sainokuni Resource Recycling Factory located within Yorii Town, Saitama Prefecture.	23/23	March 2005

actively provided project financing for environmentally conscious projects such as wind power generator businesses that do not emit CO₂ and the provision of financing for waste disposal and recycling facilities that contribute to the creation of a recycling-oriented society. Such measures were taken to support environmentally friendly businesses by leveraging our financial intermediary function and trust capabilities as a trust bank.

Utilizing our financial capabilities, we decided in March 2005 to develop and expand on the work we have done with many wind power generator businesses by investing, along with Mitsubishi Corporation, Sumisho Lease Co. Ltd., and The strategic alliance of Giuliani Partners and Sage Capital Growth*, in Green Power Investment, an independent venture firm with a business model focused on securitizing wind power generation. By utilizing our expertise in securitization, we aim to make investors more aware of wind power generation as a clean energy business and help to expand this business. Through these activities, we believe we can further contribute to the prevention of global warming.

Additionally, in January 2005, we concluded an Agreement on Environmental Assessment with the Japan Bank for International Cooperation. Under the agreement, the Japan Bank for International Cooperation will provide private financial institutions with knowledge and knowhow on the environmental review it has conducted in the appraisal of the projects cofinanced with them. Going forward, by utilizing this knowledge and knowhow and applying it, we aim to heighten our project-selection capability based on more precise environmental risk analysis.

* Giuliani Partners is an investment firm that is participated by the former mayor of New York City.

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

Environmentally Conscious Construction Consulting

We provide construction consulting services to clients planning to build company headquarters, business offices, production facilities, and other structures, drawing on the expertise we have accumulated over many years through our land trust operations. Additionally, amidst an increasing environmental consciousness among corporations centering on reduction of CO₂ emission levels, we began providing environmentally conscious construction consulting services and have gradually built up a track record in this area.

Specifically, we have formulated an Environmentally Conscious Checklist, which we use as a guideline in providing consulting services at the construction design stage. Our consulting covers such areas as the (1) promotion of low energy consumption, (2) creation of a pleasant landscape, (3) extension of the service life of buildings, (4) adoption of recycling systems, and (5) reduction of adverse impacts on human health. Additionally, we make recommendations on various methods to lower total costs through a consideration of life cycle costs over the longer term, as well as methods to reduce the burden on the environment.

In April 2005, we newly established the “Real Estate Consulting Department,” a department that specializes in enhancing the operation system of environmentally conscious construction consulting and other real estate-related consulting services. We further intend to actively engage in environmentally conscious activities through real estate operations by continuing to accumulate specialized



Kamaishi Wind Farm



Renesas Technology Corp.'s Musashi office building that made use of our environmentally conscious construction consulting

knowledge and improving our consulting skills.

Our Efforts to Address the Soil

Contamination Countermeasures Law
[Land History Surveys That Add Value
in Our Land Brokerage Business]

The Soil Contamination Countermeasures Law obligates specified regions with ordinances relating to soil pollution such as Tokyo and Osaka, to conduct surveys on the state of soil contamination when carrying out land alterations of a certain scale, regardless of whether or not toxic substances have been treated in the past as specified under the law.

We have created our own system of land history surveys and investigations regarding the possibility of soil contamination, as required for land transactions. In addition, in March 2003, we formed an operating alliance with Shimizu Corporation, to which we now outsource our land contamination surveys. As a result, we are now able to survey larger areas of land for contamination more quickly than

before and we are relying on this excellent system in the operation of our land brokerage business.

[Land Contamination Consulting]

In April 2004, we formed an operating alliance with Property Risk Solution Corporation, through which we are offering clients who own land that is possibly polluted consulting services ranging from soil contamination surveys to support on decontamination methods in the event of contamination. Specifically, we compare soil contamination surveys and decontamination methods of a number of soil decontamination companies, select the optimal partner based on the customer's needs, and bring the two parties together. For our clients, this service has the following benefits:

- By comparing estimates from several companies during the process to select one to perform the contamination survey and decontamination operations, our consulting service lowers costs for the client.

- We are able to act as a third party, verifying whether the estimates for a contamination survey and decontamination costs are appropriate.
- Using our consulting service is more time-efficient than selecting and negotiating with individual survey companies and decontamination companies.

With these services, from land use history and hearings to diagnosing the contamination in the initial survey, we are gaining high marks for offering a service that for the first time in the soil contamination risk field guarantees cleanup costs from the initial survey. Going forward, we intend to actively engage in the development of new schemes and other activities that promote the decontamination and refinement of real estate exposed to soil contamination.

Striving to Enhance Customer Confidence and Satisfaction

Seeking Out Our Customers' Opinions

In providing products and services that increase our customers' confidence, we are working to enhance customer satisfaction by always striving to see things from the customer's point of view.

In our Retail Financial Services Group, we established the Customer Service Promotion Office in 2001 to seek honest opinions from our customers. In order to tap a wide range of customers' opinions through our customer's voice, we set up a toll-free customer phone line, established a

"Okyakusama no Koe" section on our website, created and distributed "Okyakusama no Koe Cards" to customers, and set up special "Okyakusama no Koe Card" drop-off boxes at our branches. Meanwhile, to maximize these efforts, we have also educated our employees about the program. As a result of these promotional measures, in the six months from October 2004 to March 2005, the program received 51,748 submissions. These submissions reflected a variety of opinions and included both praise and criticism. To enhance customer satisfaction, we must sincerely accept all opinions submitted

through the "Okyakusama no Koe" program and ensure that they are reflected in our daily marketing activities. Under this conviction, dedicated customer satisfaction staff reply to all opinions in cooperation with the concerned branches or departments.

Our shareholder management services within the stock transfer agency business were the first in our sector in Japan to receive international certification under the ISO 9001 quality control standards in April 2001. We have continued to improve our quality management from the viewpoint of providing services that satisfy our cus-

tomers' needs. As part of such efforts, we collect questionnaires every year from our corporate customers of the stock transfer agency.

One effort we have begun in response to our customers' comments is to promote the use of recycled paper and biodegradable film for envelopes used to send notices of general shareholders meetings as well as other information to shareholders. Further, we are making efforts to improve the convenience of our services for our customers by utilizing NEO-CAROL, the state-of-the-art stock transfer agency service system. Under this system, we can provide our customers with the latest shareholder information, status on votes at shareholders meeting, and other relevant documents all through our website.

Creating Senior-Friendly Branches with Service Assistants at Every Branch

As part of our response to the aging of Japanese society, we have placed service assistants at every branch. Our service assistants are accredited by the Nippon Care-Fit Service Association, a non-profit organization. Accredited service assistants possess necessary assistance skills such as basic methods for helping customers with impaired eyesight and wheelchair-bound customers. Major department stores, hotels, railway companies, and the like have also introduced service assistants, but we were the first in the financial industry to do so.

To improve the quality of our contact with customers, it has long been our practice to appoint a "Customer Service Leader" from among the employees at each of our branches. In line with this, we train Customer Service Leaders and other selected members from among our

employees who deal with the public. These employees then take proficiency exams to become service assistants. As of the end of June 2005, 54 such employees were certified as service assistants. We will continue to work to make our branches welcoming to senior citizens and persons with disabilities, in part by having employees who have acquired the service assistant qualification train other employees. We also strive to create senior-friendly branches by improving their facilities. Hence, we are installing elevators or lifts, and planning and implementing other forms of renovations in all our branches.

Introduction of a Mobile Device Equipped with a Fingerprint Authentication Function for Outside Work

In February 2005, we became the first bank in Japan to introduce a mobile device equipped with a fingerprint authentication function for outside work.

Approximately 700 of our financial advisors across Japan are utilizing the device to further enhance the quality of our services and provide consulting services that match the needs of each of our customers at their homes and other locations. Since the mobile device is equipped with such functions as fingerprint authentication (biometrics) and automatic data deletion to protect customers' information, third parties cannot acquire any information saved on this advance security system even if the device is stolen or misplaced while visiting our customers.



A lift installed in the Umeda branch



Staff training for service assistants



Mobile device equipped with a fingerprint authentication function

Efforts toward Environmental Conservation

Around the world, people's overall awareness of environmental conservation has been increasing, and there has been a growing consideration of environmental risks in investment and loans. This has also heightened the expectations placed on Japanese financial institutions in terms of environmental conservation activities. Sumitomo Trust is actively engaged in efforts to alter money flows into ones that address environmentally sound projects through its financing activities, and at the same time is working toward increasing environmental awareness and reducing the burden on the environment through in-house activities. Although our current efforts are still limited, we have been making continued improvements as a result of our annual reviews, and have been strengthening our efforts at each department, branch and office.

Formulation of Environmental Policy

In May 2005, Sumitomo Trust organized the environmentally conscious activities that had been put into practice to date through our CSR activities into an Environmental Policy consisting of three articles. This policy was formulated as a guideline for our future environmentally conscious activities.

In fiscal year 2005, we will establish our own environmental management system and thoroughly implement activities to conserve resources and energy. We also plan to further strengthen our development and sales of new financial products that contribute to tackling environmental issues.

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 products.
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.

Participation in International Environmental Conservation Activities

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

In October 2003, at the UNEP FI 2003 Global Roundtable, Sumitomo Trust became the first Japanese trust bank to sign the UNEP Finance Initiative (UNEP FI) Statements on the environment and sustainable development.

UNEP bears responsibility for the comprehensive coordination of environmental activities of United Nations institutions, and its mission is to lead international cooperation related to the environment. One element of this is the Financial Initiative, which is a program aimed at pursuing and promoting optimized business operations that take

into consideration the environment and sustainability at financial institutions. It has currently been signed by over 200 financial institutions from around the world.

Sumitomo Trust supports the purposes of the UNEP FI, and in addition to efforts made in our daily business operations, we will proactively participate in collaborative activities with signatory companies in Japan and Asia.

UNEP Financial Initiative: <http://www.unepfi.org>

Participation in WWF (World Wide Fund for Nature) Japan

Sumitomo Trust carries out activities aimed at promoting understanding of the preservation of wildlife as a part of



Panel displays of WWF activities at the Osaka Business Department

activities for the preservation of the global environment, which are listed in the Social Activity Charter. We are a corporate member of the World Wide Fund for Nature Japan (WWF Japan), the Japanese arm of the WWF, which is the world's largest nature conserva-

tion organization. We have put up panel displays in the lobbies of our branch offices in various areas to introduce the activities of the WWF and deepen our customers' understanding of nature conservation.

WWF Japan: <http://www.wwf.or.jp>

Efforts to Reduce the Burden on the Environment in the Business Cycle

Monitoring Environmental Performance

Since 2003, the Sumitomo Trust Group has been monitoring the volume of resources used and the volume of emissions that place a burden on the environment at headquarters buildings used exclusively by the Bank and its Group companies.

In fiscal year 2004, we are able to achieve an 18.8% year on year decrease in the usage of gasoline, partly as a result of the adoption of low-emission vehicles. On the other hand, the usage of electricity and gas increased and it will continue to be a challenge over the next year.

With regard to output, the output of paper increased, but the amount of mixed paper decreased and the recycling

rate increased. Furthermore, the output of other waste materials decreased and the recycling rate increased, which indicates that the separated collection of waste materials is steadily taking root within the Group.

We plan to expand the scope of this survey gradually in the future.

Efforts to Conserve Resources and Energy

Sumitomo Trust has been making companywide efforts to save electricity and reduce waste materials at offices in order to conserve resources and energy. We will further develop these activities in fiscal year 2005, and we are strengthening efforts aimed at setting goals to obtain



Participation in "promotion of trash reduction at business establishments" activities at the Fujisawa branch

Environmental Performance

Input			Output		
		Percentage change (YoY change)			Percentage change (YoY change)
Energy consumption			Paper emissions		
Electricity use	41,488,471kwh	+0.6%	Mixed paper	948,330kg	+9.8%
Gas use	926,759m ³	+1.7%	Recycled paper	290,710kg	-25.1%
Gasoline use * ¹	536,133L	-18.8%	(% of total)	892,795kg	+15.0%
Water use	97,314m ³	+2.8%	Other waste emissions	94.14%	+4.26 point
Paper consumption* ²	701,609kg	+7.5%	Amount of recycled material* ³	314,446kg	-4.1%
Recycled paper	433,356kg	+2.6%	(% of total)* ³	36,721kg	+20.0%
				11.68%	+2.35 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, 2004 to March 31, 2005.

*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.) There was a mistake in the data for this item in the 2004 CSR Report. The total amount used should be corrected to 652,373 kg (422,373 kg of recycled paper).

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

definite results in terms of environmental conservation and cost reductions.

We use questionnaires to gain a picture of the status of efforts at each department and branch with regard to environmentally conscious activities at our branches and headquarters buildings, and then apply the top runner approach, whereby we set the most advanced method as a benchmark. Although we have been carrying out energy saving efforts to date, we had not been gaining the whole picture of results concerning energy costs and the reduction of waste materials. The top runner approach aims to create a process by which we can gain a picture of Group results in quantitative terms, for which we are collecting data.

Moving forward, we aim to establish a centralized control system for electricity and water consumption (and water and energy costs) and for the volume of waste material (and waste material costs) and implement specific reduction measures in accordance with the PDCA (Plan-Do-Check-Act) cycle. At the same time, we will focus on knowledge management to horizontally develop beneficial efforts in other departments and branches.

Efforts to Reduce CO₂ at Offices

In April 2002, following the ratification of the Kyoto Protocol by the Japanese government, the Tokyo Metropolitan Government requested the submission of CO₂-reduction plans (plan for global warming countermeasures) for roughly 800 offices found to be consuming electricity and fuel in excess of certain levels. Our Fuchu Building was one of these locations, and we set voluntary targets for a reduction of our CO₂ emissions.

In 2005, the Tokyo Metropolitan Government introduced the Energy Environment Planning Program, and the Fuchu Building has been asked to disclose

information concerning the establishment of an energy conservation plan for the next five years and its status of progress. In light of this, Sumitomo Trust is progressing with thorough energy saving activities in its business operations aspects, including power saving. We are also carrying out a campaign for increasing employee awareness of energy conservation, implemented and led predominantly by the Energy Saving Promotion Committee. Furthermore, at the Senri Building, we measure energy conservation results including the effect of trading saved lighting, and carry out patrol checks when the building is unattended. In the future, we will horizontally develop these efforts at other buildings and promote the construction of required systems.

In addition, we began to participate in a national campaign named “Team Minus 6 Percent” in July 2005. The campaign was launched by the Japanese Ministry of the Environment to reduce greenhouse gas emissions. As a part of the campaign, we set air conditioners at 28 degrees Celsius and encourage employees not to wear jackets and ties (nicknamed “Cool Biz”) during summer.

Reduction of Waste Material

Sumitomo Trust is making efforts to reduce waste material and promote recycling. As part of our efforts to conserve resources and reduce the amount of waste produced, we are strengthening efforts throughout the company toward double-sided printing and double-sided copying. We are also working toward using both sides of each sheet of paper not only within the Bank, but also whenever possible in our materials for external use by obtaining the understanding of our business partners. Furthermore, by decreasing the amount of waste material, we are also making efforts to reduce disposal costs. As for our efforts to recycle waste material, we



Posters used to announce our “Cool Biz” commitment



“Ene-cut,” a facility to save energy efficiently by injecting water into the outdoor air-conditioning unit installed at the Fuchu Building

are creating mechanisms to promote separated collection and expanding ways in which to recycle.

Adoption of Environmentally Friendly Materials and Products

Results of Adoption of Low-Emission Vehicles

Number of passenger vehicles owned	598 units
Number of low-emission vehicles owned	535 units
Number of vehicles that meet the 2010 fuel efficiency standard	335 units
Percentage of low-emission vehicles	89.5%

(As of the end of March 2005)

Adoption of Low-Emission Vehicles

As part of our efforts to reduce greenhouse gases, we have proactively adopted certified low-emission vehicles for use in business operations. As of the end of March 2005, 535 of the 598 passenger vehicles (regular cars, compact cars, and mini-vehicles) that we use were automobiles approved according to the 2000 emissions regulations standards as low emissions, and the percentage of low-emission vehicles rose 7.3 percentage points from the previous fiscal year to 89.5%.

Furthermore, since May 2004, in addition to low-emission vehicles which are certified based on the standard for 2005, we have been promoting the active adoption of vehicle models which meet the 2010 fuel efficiency standards in the Energy Saving Law. These vehicles make up 56% of our fleet.



Ecofit passbook

Promoting Green Purchasing

In April 2004, we began integrating office supplies purchasing using a web-based system, and we developed a mechanism for green purchasing in which we give priority to environmentally friendly products in our purchasing. Switching throughout the Bank to products with a low environmental burden for frequently used office supplies, we will not only reduce our burden on the environment, but also contribute to increasing employee awareness of environmental issues.

Utilization of Environmentally Friendly Materials

Sumitomo Trust also promotes the use of environmentally friendly materials for

pamphlets that are provided to customers and materials that are sent to shareholders and investors. With the goal of promoting recycling, we use 100% recycled paper for our three real estate-related pamphlets "Knowledge of Real Estate," "Knowledge of Real Estate and Taxes," and "Encyclopedia of Housing." These materials received the Eco Mark certification from the Japan Environment Association. We plan to switch to Eco Mark certified materials for our other pamphlets as well.

With the aim of making the materials that we send environmentally friendly, we use recycled paper and soy-based ink for notifications and reports concerning general shareholders meetings, and we use a plant-based film for the address window of the envelopes in which these materials are mailed. In addition, we encourage our client companies of stock transfer agency services to take similar measures and we are working to increase the usage rate of environmentally friendly materials in all related materials to be mailed.

In addition to these paper materials, in February 2004, we switched to "Eco Snow," a plastic product made of recycled material to create the covers of special files for important documents related to real estate contracts that are given to customers.

In fiscal year 2005, we expanded the scope of the application of environmentally friendly materials to include passbooks. In June 2005, we introduced the Ecofit passbook which adopted recycled paper for all pages including the cover, and used soy-based ink for printing. The introduction of this passbook made of recycled paper will not only contribute to environmental conservation, but also reduce costs. Furthermore, we believe that it enhances the environmental awareness of customers who use the passbook.



Business report to shareholders printed on recycled paper

Responsibilities as a Corporate Citizen

To win the enduring confidence of society, we must not only work toward the goal of total customer satisfaction, but also act in a manner acceptable to the community and society. We at Sumitomo Trust offer consulting-style marketing to meet the needs of each of our customers. Meanwhile, we provide assistance to our customers who wish to contribute to society and each of our branches promotes a variety of community-based activities.

Charitable Trusts

Charitable trusts are trusts aimed at benefiting society as a whole. Many of our customers want to play a role in contributing to society, such as by promoting science and technology, providing educational assistance, promoting the arts, protecting cultural assets, providing economic assistance to developing countries, preserving the natural environment, and conducting social welfare operations. These customers can achieve such goals through charitable trusts, which allow them to set up trust funds and trust money. We took custody of our first trust of this kind in May 1977, and as of the end of fiscal year 2004, the cumulative number had grown to 133. Since fiscal year 2005, we have established a department within our headquarters that will be in charge of charitable trusts full time in order to enhance our service capacity.

Society of Mary/St. Joseph's Scholarship Fund

(Entrustor: Society of Mary)

We currently offer 26 types of scholar-

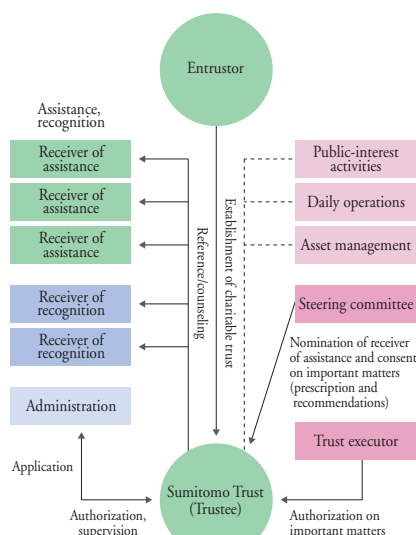
ships through our charitable trusts. One of them is the Society of Mary/St. Joseph's Scholarship Fund, which was established in 2001. This fund provides scholarships to high school students from economically disadvantaged families and financial assistance to economically disadvantaged non-Japanese youths attending elementary or junior high schools in Japan. The establishment of this fund is based on the thought that education is vital for each individual in developing his or her personal rights and the right of existence. Its goal is to develop pious, humble, and faithful members of society who have an egalitarian outlook necessary for true globalization.

Keidanren Nature Conservation Fund

(Entrustor: Nippon Keidanren Committee on Nature Conservation)

Nippon Keidanren established a fund in 1992 to support nature conservation activities. To provide further assistance to nature conservation efforts in response to growing demand both in

Mechanism of a Charitable Trust



Charitable Trusts

Purpose	Number of trusts under management
Scholarship	26
Promotion of natural science research	17
Promotion of human science research	3
Promotion of education	23
Social welfare	5
Promotion of arts and culture	9
Preservation and utilization of cultural property	0
Protection 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	11
Other	4
Total	115

(As of the end of March 2005)

Japan and overseas, Nippon Keidanren modified its framework to a charitable trust in 2000. The goals of this fund are to promote nature conservation activities and to help ensure the healthy and cultural life of humanity. It also supports the activities of private, non-profit organizations (NPOs) working to preserve the natural environment in developing areas (primarily in the Asia-Pacific region) as well as nature conservation activities in Japan.

For about a month since late March 2005, we displayed photographs in the lobby of our Tokyo Corporate Business Department to introduce the environmental conservation activities of the Nihon Keidanren Nature Conservation Fund. Showing the activities and achievements of the fund as

well as specific environmental conservation efforts of NPOs receiving support, we are helping to improve visibility and increase support for this fund among a wide range of people.

Daiwa Securities Group Tsunami Reconstruction Fund

(Entrustor: Daiwa Securities Group)

The Daiwa Securities Group Tsunami Reconstruction Fund is a foundation established within the Asian Community Trust (ACT) by the Daiwa Securities Group. Its purpose is to assist reconstruction activities by private organizations in areas affected by the major earthquake off the coast of Sumatra, Indonesia and the resulting tsunami in December 2004. ACT is Japan's first

public charitable trust established in 1979 to provide cooperation at a private level to nongovernmental organizations (NGOs), educational organizations, and others in Asian countries.

This fund supports programs that are to be conducted by local NGOs in three disaster-affected countries—Indonesia, Sri Lanka, and India. These programs are associated with the following three aspects: (1) children's mental care; (2) the provision of educational opportunities for children; and (3) microfinance (small loans to small businesses). Approximately ¥100 million will be granted over 10 years beginning in fiscal year 2005. Instead of providing a temporary monetary donation, the fund aims to provide long-term assistance that meets local needs.

Cultural Assistance

"Love Letters at Sixty"

Since fiscal year 2000, Sumitomo Trust has held its Love Letters at Sixty campaign in support of married couples in their middle life. The campaign is designed to stimulate new dreams among couples in their 50s and 60s, who are approaching retirement and the start of a "second life," by encouraging them to declare their sincere feelings of thanks in love letters. In fiscal year 2004, we ran our fifth Love Letters at Sixty campaign, collecting 10,481 letters from around the country.

Some of these letters are selected and published in the form of a book every year. Books from the previous four Love Letters at Sixty campaigns have been bestsellers, with combined sales of about 320,000 copies. Translations have been published in Chinese and Korean, sparking a big response overseas. We donate

all royalties from the books published in Japan to the NHK (Japan Broadcasting Corporation) year-end charity drive for domestic and international charities.

Sumitomo Trust Tokyo Cup Youth Soccer Tournament

Starting in 2004, Sumitomo Trust is sponsoring the Sumitomo Trust Tokyo Cup, a soccer tournament for mainly fifth-graders in Tokyo. Sponsored by the Tokyo Football Association, the tournament has previously been held 16 times. By sponsoring this soccer tournament, we hope to contribute to the health as well as the physical and mental development of children. This will also allow us to participate in activities deeply rooted in the local community, such as publicizing the tournament through displays in our Tokyo-area branches and offices.



"Love Letters at Sixty" books



"Sumitomo Trust Tokyo Cup" youth soccer tournament

Educational Assistance

Establishment of Sumitomo Management Technology Forum

Jointly with Sumitomo Mitsui Banking Corporation, Sumitomo Life Insurance Company and Mitsui Sumitomo Insurance Co., Ltd., we have established the Sumitomo Management Technology Forum (a limited intermediate corporation) in April 2005.

Due to unprecedented changes in the business environment surrounding corporations, former management methods no longer work today. Therefore, we offer seminars periodically for top management and executives on “management technology,” a management method developed with the progress of IT technology and financial engineering. The application of management technology has been broadening into various management areas, including risk management, decision-making, funding, marketing, and personnel development. The goal is for corporate managers to learn together and share information, thereby reforming corporate management and establishing a new standard of management for the 21st century.

Supporting “J-Leader” Program

We help support J-Leader, a training program for Japan’s next generation of leaders. The program was planned and launched in fiscal year 2004 by the Study Group on Decentralization, which consists of eight governors as well as members of business and economic circles. As globalization accelerates, this training program aims to cultivate young leaders of tomorrow who will gain a deep knowledge of Japan’s culture and history, a strong

sense of ethics, responsibility, conceptual power, and decision-making skills. Sumitomo Trust contributes to this activity by providing teaching assistants.

In fiscal year 2004, 179 high school students from 31 prefectures and four foreign countries attended this training program. For about two weeks, the students engaged in deep discussions with the instructors during lectures, skills training, and workplace tours. While the training program was available only for first and second year high school students, the second J-Leader program was held to accept students from all high school grades in fiscal year 2005.

Trust 60 Foundation

In commemoration of our 60th anniversary, in June 1987, we established the Trust 60 Foundation with the goals of conducting research into trust systems and providing support for such academic activities. Our focus is to learn how best to use the trust system in appropriately dealing with the rapidly aging society and promoting economic structural reform. We are promoting and developing the trust system by researching other trust systems and similar systems in both Japan and overseas, as well as by providing research aid to scholarly groups and research groups studying financial assets management for senior citizens.

In fiscal year 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. We also conducted research on the possibility of

introducing alternative finance to Japan. Furthermore, we worked to set up sponsoring lectures at graduate schools to disseminate the principles and mechanisms of trusts to a broader spectrum of society.



“J-Leader” training program

CSR Activities Led by Our Branches

——Close ties with the community

In addition to company-wide efforts led by the head office, our branch offices are also enhancing their community-based social contribution activities. In the latter half of fiscal year 2004, we newly set the budget for CSR-related activities to support and promote CSR activities in our branch offices. After two years of full-fledged CSR initiatives, our efforts are steadily expanding to incorporate all business branches.

Activities in FY2004	Branches, business operations	
Environmentally conscious and conservation-oriented activities	Making biotope	Shizuoka
	Promotion campaign for the 2005 World Exposition (Exposition of Global Harmony), held in Aichi, Japan	Nagoya, Nagoya-ekimae
	Activities to beautify the environment (parks, roads, coastlines)	Nara-Saidaiji, Shinjuku, Nagoya, Kanazawa, Kyoto, Yamaguchi-hofu
	Continued registration with the Declaration of the Business Institution Promoting ECO Koshigaya	Koshigaya
	Participation in "Promotion of trash reduction at business establishments" in Fujisawa city	Fujisawa
	Participation in Shizuoka Environmental Action Declaration	Shizuoka (individual basis)
Crime, disaster prevention and support for victims	Conducting seminars on the prevention of billing fraud	Yokohama, Fujisawa, Sagami-ohno
	Conducting disaster prevention seminars	Namba, Koshigaya
	Opening of an account for donations for Niigata Chuetsu Earthquake	Niigata
Interaction between disabled persons; Enhancement of assistance for disabled persons	Collection of milk cartons; conducting classes on picture letters for the disabled	Himeji
	Holding exhibitions of art work of the disabled	Takatsuki, Matsuyama
	Distributing cookies made by the disabled as gifts after lectures	Chiba, Akashi
	Distributing postcards, soap, and towels made by the disabled	Namba, Takatsuki, Akashi, Kounandai, Fukuyama
	Selling bread made by the disabled for employees' lunches	Sumishin Shinko Co., Ltd. (Fuchu business office)
	Conducting workshops on sign language	Yao, Ueno, Tsudanuma, Koshigaya, Omiya, Fukuyama
	Conducting workshops to experience using wheelchairs	Fukuyama
Conducting seminars on wills, inheritance, asset management, and health		Namba, Abenobashi, Senri-chuo, Wakayama, Kawanishi, Koshigaya, Omiya, Sagami-ohno, Nagoya-ekimae, Shizuoka, Fukuyama
Conducting seminars on CSR		Kofu, Sendai, Nagoya-ekimae
Acceptance of trainees from Hirakata city as part of the "Training to dispatch employees for private companies" program		Hirakata
Collection of used stamps, prepaid cards, bell marks, tabs of cans		Yao, Kanazawa, Hiroshima
Use of lobbies in branches	Public reading (reading of <i>Heike Monogatari</i> with biwa)	Tokyo-chuo
	Introduction of environmentally conscious activities of local elementary schools	Koshigaya
	Panel display concerning the anniversary project of municipal government	Sagami-ohno
	Panel display to introduce activities of the World Wide Fund for Nature	Osaka Business Department, Umeda, Shibuya, Chiba, Tokorozawa, Niigata, Okayama
	Panel display concerning global warming	Omiya
	Shiretoko for World Heritage Site - panel display to promote Shiretoko to be designated a World Heritage Site	Sapporo
	Panel display on the preservation of "chin-chin densha" (tram)	Sakai
	Exhibition of children's literature — "Zukko Sannin Gumi" series	Yamaguchi-hofu
	Donations to pediatric hospitals, charitable foundations, educational organizations, nature conservation groups, etc.	London
	Donation of English version of "Love Letters at Sixty"	London
Activities at overseas branches	Assistance for educational promotion program	New York
	Promotion of environmentally friendly offices	Singapore
	Donation of office desks to local schools	Bangkok (representative office)

Growing Biotope for Daycare Centers

(Shizuoka Branch)

To commemorate the 50th anniversary of its opening, the Shizuoka Branch collaborated with a local NPO and PTA to grow biotope for daycare centers in Kannami-cho. Around 20 employees took part in the biotope-making activities, aimed at providing an environmental education and enrichment program for children. In addition, a donation of ¥100,000 for purchasing seedlings was presented from all the employees at the Shizuoka Branch.



Participation in making biotope for daycare centers

Seminars on Preventing Billing Fraud and Other Crimes

(Yokohama, Fujisawa, and Sagami-ohno Branches)

With the assistance of the Safe and Secure Community Promotion Division, Community Relations Department of the Kanagawa Prefectural Government, the Yokohama Branch conducts seminars on criminal acts committed mainly against middle and advanced-aged persons. As the purpose of the seminars is to prevent crime before it happens, they explain ways in which crimes such as billing fraud and fictitious claims are committed and how to avoid becoming a victim. The Yokohama Branch has been publicly recognized by the Prefectural Financial Institution Crime Prevention Liaison Meeting for contributing to raising awareness among employees and customers on how to protect themselves against crime. Similar seminars are also held at our Fujisawa and Sagami-ohno Branches, and are receiving positive reviews.



Posters used to prevent billing fraud

Conducting Workshops on Picture Letters

Using Postcards Made from Milk Cartons

(Himeji Branch)

The Himeji Branch has long been helping disabled persons by selling various items made at the local disabled persons' workplace, including handmade Japanese postcards made of milk cartons. In fiscal year 2004, the scope of activities was expanded to include (1) the collection and donation of milk cartons from which the postcards are made, and (2) the holding of classes on making picture letters, aimed at heightening the recognition of the handmade postcards and promoting their sales. The status of these milk carton collection activities was publicized at the 19th National Convention for Reuse of Milk Cartons of fiscal year 2005.



Workshops on picture letters using postcards made from milk cartons

Supporting the Sale of Bread for a Vocational Aid Center for Mentally Disabled Persons

(Sumishin Shinko Co., Ltd., Fuchu Branch Office)

Every Friday, a team (consisting of a supervisor, disabled persons, and volunteers) from Fuchu city's vocational aid center for mentally disabled persons comes to the Fuchu Building—approximately 2,000 employees of Sumitomo Trust and affiliate

companies work at the Fuchu Building, which is managed by Group Company Sumishin Shinko—to sell bread baked at the center. As it is delicious, the bread is extremely popular and consistently sells-out; around 400 loaves are sold in an hour. The center positions this sales activity as a valuable opportunity for disabled persons to interact with society. We at Sumitomo Trust support this activity by providing the venue and assisting in the sales of the bread.

Readings of *Heike Monogatari*

(Tokyo-chuo Branch)

The Tokyo-chuo Branch hosts readings of the Miyao-bon *Heike Monogatari* by Tomiko Miyao, accompanied by biwa and flute. The reading is undertaken with the cooperation of the Japan Reading and Culture Association and Yaesu Book Center. From February to October 2005, a series of eight readings, each with a maximum of 60 participants, will be undertaken. Tickets to these events have been very popular. The sound of a biwa and flute changes the serene hush of the branch office into festive atmosphere.

Donation to a Pediatric Hospital

(London Branch)

Proceeds from the employees' charity auction held at the party to commemorate the 30th anniversary of the establishment of the London Branch were donated to the Great Ormond Street Hospital for Children NHS Trust, London to be used for operational expenses. The hospital is one of the best pediatric hospitals in England, providing leading medical care services for children. At the same time, as is customary, the London Branch provided the hospital with a "matching gift," a contribution equaling the amount of the charity auction donation.

Also, 20 employees of the London Branch participated in a charity marathon event. The majority of the participation fee contributed by our London Branch was donated via the marathon sponsor to various nonprofit organizations such as charitable foundations, educational organizations, and nature conservation groups.

Donation of Used Office Desks

(Bangkok representative office)

As a way of promoting recycling and contributing to the maintenance of Thailand's educational environments, the Bangkok representative office donated used office desks to the Bangkok Phetcharawit Secondary School. This local school is attended by many children of staff of the Bangkok representative office. The office received a thank you letter from the school.



Sale of bread as an assistance for the vocational aid center



Readings of *Heike Monogatari* accompanied by biwa



Great Ormond Street Hospital for Children NHS Trust



Bangkok Phetcharawit Secondary School

Creating a Pleasant Working Environment

Sumitomo Trust believes that to provide added value to all of our stakeholders and make a larger social contribution, we must have employees that are motivated, take pride in their work, and do their best. We have adopted a fair and open personnel system based on the conviction that creating a workplace environment in which each and every employee can grow toward his or her potential will also lead to the sustainable growth of the entire Sumitomo Trust organization.

A Personnel System That Respects the Independence of Individual Employees

In October 2003, Sumitomo Trust abolished our previous personnel system and introduced a more equal and open personnel framework. The previous personnel system was characterized by all-around and general job descriptions, an overemphasis on qualifications, and inflexible attitudes. With the intention of overcoming these problems and developing specialists in each field to provide added value to our customers, we introduced two new systems: a career system, where career paths are determined by the choices and commitments of individual employees, and a work group system, where workers are categorized into certain groups according to their potential.

We encourage all of our employees to raise and demonstrate their capabilities, while providing flexible options for advancement. In these ways, we intend

to continue to address the diversified and sophisticated needs of our customers in an accurate manner.

Personnel System: Basic Philosophy

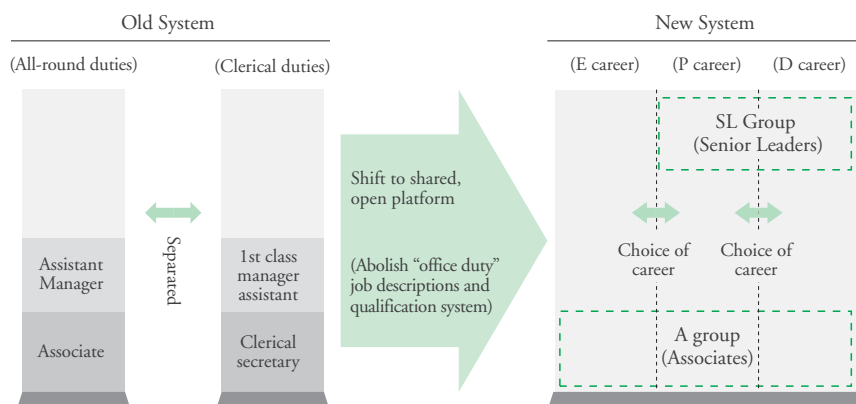
1. To provide a workplace environment that enables employees to demonstrate their capabilities to the fullest extent, by respecting each employee's individuality and expanding his or her opportunities for choice
2. To foster the formation of groups of genuine professionals who can outperform the professional teams of our competitors
3. To promote the development of employee compensation and training plans tailored to the business strategies and attributes of the businesses of each division

Careers and Roles

Career name	Business group	Expected future role	Workplace
P career (professional career)	Not specified	Companywide or business group management	Not specified (transfer to distant location possible)
D career (division career)	Specified, * in principle	Designated business group or companywide management	Differs according to business group
E career (expert career)	Not specified	Manager class	Specified (close to original business group in principle)

* Owing to the nature of their career paths, employees may be transferred for certain periods to other business groups on the precondition that they will ultimately return to the original business group.

Revision of Career System



Frameworks

1) Career System

We abolished the previous “office duty” system (based on all-around and general job descriptions), which effectively determined the career paths of our employees, in favor of introducing a career system that enables employees to take responsibility for developing their own career paths. Under the new system, employees have the flexibility to choose their careers based on their job experience, self-improvement efforts, and desires.

2) Work Group System

We have replaced the qualification-based system, which classified employees into separate groups according to the general job description, with a new “work group” system, characterized by groups of people

who share the same career path. There are four work groups—associates, managers, leaders, and senior leaders—and workers are placed in groups according to their levels of real capabilities demonstrated on the job, including specialization and skill.

By adopting a more equal personnel structure that covers the entire company, we encourage free competition based on competence, rather than age or gender.

Personnel Evaluation System

Since 1997, we have adopted a personnel evaluation system in which employees participate through self-evaluations. This was based on our hope to create a workforce of employees who shape their own careers and continuously work to improve themselves. We will continue to thoroughly implement the following points con-

cerning the evaluation system in the new personnel system centered on self-evaluations:

- Remuneration reflecting roles and performance, based on fair evaluations
- Evaluations that provide an impartial and accurate grasp of employees’ status and level and that benefit the employees’ personal development
- Closely link the evaluation of employees’ business performance record to the policies, tasks, and targets of the company, branch, division, section and/or team
- Rigorously enforce merit-orientated evaluations

Breakdown of Employment

	March 31, 2003	March 31, 2004	March 31, 2005
Total employees	4,991	4,843	4,991
Male	2,625	2,558	2,654
Female	2,366	2,285	2,337
Average age	39 years 1 month	39 years 1 month	38 years 9 month
Male	41 years 4 month	41 years 2 month	40 years 9 month
Female	36 years 4 month	36 years 8 month	36 years 5 month
Average years at Company	12 years 2 month	12 years 2 month	11 years 9 month
Male	13 years 11 month	13 years 8 month	13 years 1 month
Female	10 years 0 month	10 years 4 month	10 years 3 month
Average monthly wage	¥415,000	¥406,000	¥414,000
Male	¥546,000	¥519,000	¥521,000
Female	¥265,000	¥275,000	¥285,000

Notes:

1. Figures for the average age, average years at the Company, and average monthly wage are rounded down to their respective units.
2. Figures for total employees do not include temporary staff (of whom there were 87 in March 2003, 66 in March 2004, and 72 in March 2005).
3. Figures for total employees include overseas staff (of whom there were 262 in March 2003, 260 in March 2004, and 275 in March 2005).
4. Figures for average monthly wage include overtime allowances for March, but not bonuses.
5. Figures for female employees include managers (of whom there were 37 in March 2003, 37 in March 2004, and 40 in March 2005).
6. The percentage of disabled persons was 1.8% on June 1, 2003, 1.8% on June 1, 2004, and 1.93% on June 1, 2005, figures that meet the target specified by the Physically Handicapped Persons’ Employment Promotion Law.

Promotion of Female Participation

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 appointed the first-ever female branch manager of a trust bank and also promoted a female to the position of satellite office manager. As of the end of March 2005, 40 of our managers were female (an increase of three over the same period in the previous fiscal year).

Employment of Disabled Persons

The percentage of disabled employees was 1.93% as of June 1, 2005, an increase of 0.13 percentage points over the same period in the previous fiscal year, and this percentage meets the target specified by the Physically Handicapped Persons’ Employment Promotion Law (1.8%). We are providing employment opportunities to disabled persons throughout the year and are aiming to build a working environment in which disabled persons can participate more than before.

Development of Personnel with Abundant Capabilities

Our most valuable asset is our people. To prevail in the future as a financial institution worthy of customer support, we must further promote the philosophy behind our new personnel system. At the same time, we must continue developing personnel who can discover, recognize, and find creative ways to solve problems and tackle challenges proactively. We have created and clearly presented a “desirable image” of the type of employee we want our workers to become. The aim of this exercise was to clarify the roles and business performance levels expected of our employees as “professional players” in their respective divisions and jobs and of the “perfect employee” for performance of the expected role. This is meant to help individual employees clarify the direction they should take with respect to their development of skills. This “desirable image” is being regularly reviewed by the Personnel Department and each division in order that it is always kept up to date with actual conditions.

And to help our employees build their own careers, we are implementing the following systems.

Internal Job Posting System

We expanded our former division group job posting system and introduced an internal job posting system for the purpose of encouraging 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 parts: 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. In both parts of the system, applicants apply directly to the Personnel Department without going through their immediate supervisor.

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 skills, as well as training, exchange programs, and transfers to enhance managerial skills and encourage the development of leadership skills.

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 on their own. Our policy is to further enhance the e-learning curriculum in the future and develop more effective training programs by combining them with group training.

We will continue to enhance the content of the various programs tailored 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 to different management levels and one for all employees. Sessions are held at least twice a year. The training program covers a diversity of topics, including the “Dowa problem” of historical social discrimination in Japan, to enhance both the “knowledge” and “awareness” of human rights. With respect to “knowledge,” employees learn about domestic and international laws concerning human rights, and with respect to “awareness,” training is conducted to encourage employees to think of human rights issues as their own issues and to try to find their own solutions to them.

Results for the Use of the Internal Job Posting System

	Number of applicants	Number accepted	Percentage accepted
FY2003	65	29	45%
FY2004	71	44	62%

Management-Labor Relations

We have an agreement with the Sumitomo Trust Employees Association, which has around 3,500 members, and

are working with it to build sound management-labor relations based on the principle of mutual trust.

We consider dialogue between the Bank and the Association to be crucial to ensure sound management-labor

relations and hold Executive Council meetings twice a year with a considerable number of extra round-table meetings held to discuss labor and management issues. In addition, each branch holds its own meetings regularly four times a year. Recently these meetings

have been aimed at further improving the workplace environment and they have involved discussions, including those at the working level, on the theme of the labor environment and have produced recommendations to the Bank. We are aiming to enhance labor-

management dialogue through ad-hoc consultations held as necessary and lively communication on a daily basis.

Enhancing the Comfort and Safety of the Workplace

We are making efforts to develop a workplace environment that sufficiently takes into consideration the physical and mental health as well as the safety of our employees so that they can lead their lives in the Bank securely and safely, and sufficiently demonstrate their capabilities.

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 hygiene specialists, who provide careful, detailed advice on health management. Close attention is

paid to the impact of work on the health of workers who have exceeded a certain amount of overtime, and they receive health checks, guidance, and medical examinations as necessary from health specialists to prevent possible illness or an excessive negative load on their health.

Regular Health Examinations

We provide health examinations for all of our employees every year. Close to 100% of all employees consistently receive the examinations as a result of encouragement from the Health Managers at each business location. In addition, branch and department managers receive comprehensive physical

check-ups and stomach diagnoses every year. We also cooperate with 60 medical treatment facilities around Japan to provide assistance to other employees and their families, enabling them to receive comprehensive physical check-ups through the Sumitomo Trust Health Insurance Association.

Medical Advice and Counseling

As a further health management measure for our employees, the affiliate clinic in Tokyo and other institutions offer “mental counseling” sessions. The Sumitomo Trust Health Insurance Association also provides health advice to employees by phone, free of charge.

Assistance Program for the Next Generation

We have already been introducing prepartum and postpartum leave and child-rearing leave system as a system to support childbirth and childrearing. The childrearing leave system is available to both fathers and mothers, and 24 employees took advantage of it in fiscal year 2004.

Furthermore, the Law for Measures to Support the Development of the Next Generation came into force in April 2005. In response, we decided on the basic policies for the formulation of an action plan to support the development of the next generation.

We fixed the term of the first action plan at two years in order to realize the “development of a labor environment that is easier to work in” as soon as possible. Our policy is to

decide the terms for subsequent action plans taking into account factors such as the state of the labor environment, social trends, and the necessity and feasibility of the action plan at the time the plan is formulated.

Concerning specific action targets, with a view to developing a working environment in which the diverse working styles are supported and employees can sufficiently demonstrate their capabilities, we established the Welfare Package Plan on August 1, 2005. This plan enhances welfare options and focuses particularly on childrearing, nursing care, and supports for capability development, and enables employees to choose the supports they receive from multiple available options as necessary.

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,” the basic philosophy of the new personnel system, we will develop an environment in which it is easier to bring out the capabilities of personnel who can contribute to the sustainable growth of the Bank.
 2. We will also provide a certain level of support to 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.
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Independent Review Comments on The Sumitomo Trust & Banking 2005 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



August 30, 2005

The objective of this review is to express our independent view on the features, achievements, developments and direction of the Sumitomo Trust & Banking Co., Ltd. (hereafter, " Sumitomo Trust")'s approach towards social and environmental issues as well as the reporting of significant corporate activities in such areas contained in the "2005 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. Hiroshi Tsunekage)
2. Inspection of the Head Office, the Fujisawa Branch, and Sumishin Shinko Co., Ltd (the Fuchu Business Office) and interview with personnel thereof
3. Review of the final draft of the Report

1. Sumitomo Trust's CSR – Expectations for Future Development

Two years have passed since Sumitomo Trust launched their systematic efforts on CSR. In July, 2005, Sumitomo Trust became the first Japanese bank to be a signatory to the United Nations Global Compact.

From the outset, Sumitomo Trust has positioned CSR as a "viable business to increase corporate value", and has focused on implementing CSR practices through their core business – delivery of financial products and services. These efforts are being embedded more deeply within the organization, as demonstrated in the description of each business group's CSR-related products in the section outlining Sumitomo Trust's business (p6-7). Furthermore, a dedicated chapter entitled, "Contribution through our business activities" (p18-25) details CSR initiatives through the core business. In addition, their SRI funds and environmentally-conscious project financing are growing, which indicates that these efforts are beginning to bring tangible results.

While we commend Sumitomo Trust's performance as described above, we expect to see further consolidation and streamlining of the concept of "Sumitomo Trust's CSR" for future development. The Report, for example, introduces a unique concept, "Five Paths for Improving Corporate Value", which is linked to the Bank's corporate strategies (p2). The Report also includes the "Ethics Charter" and the "Social Activity Charter" of Sumitomo Trust (p8) as the fundamental concepts for CSR. However, the Report does not describe how these three interact or whether they are consistent. In order to translate CSR concepts into action, ensuring each and every employee's involvement, a clear and simple framework needs to be in place. Therefore, it will be necessary to re-establish its CSR framework, after reviewing the current framework and taking account of the ten principles of the Global Compact, in which Sumitomo Trust is participating from this year.

We also hope to see, as a second step, the role of each business group, branch, and group company in implementing CSR practices being clarified under the re-established framework. Quantitative activity goals are also expected to be developed to help better understand the activity's progress.

Given the significance of CSR initiatives in the financial industry, we look forward to continued aggressive efforts by Sumitomo Trust as a frontrunner in this field.

2. Site-level Initiatives

A highly-motivated and innovative engagement was seen at the Fujisawa Branch and the Fuchu Business Office during our site visits. An example case is the Fujisawa Branch's participation in the "promotion of trash reduction at business establishments" initiated by Fujisawa City (p28). A staff member of the Branch found out about the program from the city government's website and proposed that the Branch participate. Another example is the Fuchu Business Office's support of the sale of bread made by a vocational aid center for the mentally disabled (p34). It was the Office leader's personal approach to the relevant parties, internally and externally, that made this project happen. As CSR activities require voluntary effort, these initiatives are highly commended.

To promote these site level activities further, Sumitomo Trust implemented various measures at corporate level, including the earmarking of a CSR-related budget and holding of in-house promotion meetings for improvement of CSR awareness, and their CSR activities are likely to expand further in future. The key to continued progress is to further accumulate good practice and share this with the employees. On the other hand, advancement and expansion of CSR activities may result in a loss of clear direction. To ensure that CSR activities continue and that corporate value is enhanced, it is essential to give clear direction. This is the role of the Corporate Social Responsibility Office, which is expected to lead further site-level initiatives.

3. Contents of the Report

The Report includes negative information about Sumitomo Trust, such as the loss of clients' personal data (p15), which demonstrates Sumitomo Trust's commitment to disclosing information in a proactive manner. In future, we expect the Company to enhance the Report by including more actual examples of initiatives, such as collaboration with stakeholders. Perhaps due to the nature of the industry, the current report focuses on structure and performance results.

We look forward to seeing Sumitomo Trust continue its efforts to communicate with stakeholders through effective utilization of the Report.

※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.

Chuoogyama Sustainability Certification Co., Ltd.



Questionnaire on 2005 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.

2005 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
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Q3. What items in the report interested you, or gave you a lasting impression?
(Feel free to check multiple items.)

Sumitomo Trust's Corporate Social Responsibility (CSR)

☐ Sumitomo Trust's Corporate Social Responsibility (CSR) ☐ Participation in the UN Global Compact

To All Our Stakeholders

☐ To All Our Stakeholders

Foundation of Sumitomo Trust's CSR Activities

☐ Role of Trust Banks and the Business Stance of Sumitomo Trust

☐ Businesses of Sumitomo Trust ☐ Basic Philosophy ☐ CSR Promotion System

Summary of Sumitomo Trust's CSR Activities

☐ Summary of Sumitomo Trust's CSR Activities ☐ GRI Content Index

Promotion of High Transparency in Management

☐ Corporate Governance ☐ Compliance ☐ Risk Management

Contributions through Our Business Activities

☐ Financial Contributions to Stakeholders ☐ Socially Responsible Investment (SRI)

☐ Providing Products and Services That Contribute to Reducing the Burden on the Environment

☐ Striving to Enhance Customer Confidence and Satisfaction

Efforts toward Environmental Conservation

☐ Formulation of Environmental Policy ☐ Participation in International Environmental Conservation Activities

☐ Efforts to Reduce the Burden on the Environment in the Business Cycle

Responsibilities as a Corporate Citizen

☐ Charitable Trusts ☐ Cultural Assistance ☐ Educational Assistance

☐ CSR Activities Led by Our Branches—Close ties with the community

Creating a Pleasant Working Environment

☐ A Personnel System That Respects the Independence of Individual Employees

☐ Breakdown of Employment ☐ Development of Personnel with Abundant Capabilities

☐ Management-Labor Relations ☐ Enhancing the Comfort and Safety of the Workplace

☐ Assistance Program for the Next Generation

Independent Review Comments

☐ Independent Review Comments

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"/> STB 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

Opinions and Comments on the 2004 Edition

We received various responses from stakeholders in response to our 2004 Corporate Social Responsibility Report, our first such report, which was issued last year. Here are some of the highlights:

1. I used to be a mere Sumitomo Trust stakeholder only involved in the “social” area. However, since I knew that Sumitomo Trust would become the first in the banking community to deal with CSR, I became a customer who entrusted the Bank to manage my retirement fund. This type of report tends to include too many technical terms and lengthy explanations, with very little information on specific activities, which is where the interest lies for both local communities and customers. I hope that Sumitomo Trust, too, puts emphasis on this viewpoint when compiling its activities in the report. One of the NPOs in which I am involved carries out recycling activities with milk cartons. Sumitomo Trust’s Himeji Branch is helping our activities by using our products such as stationary sets constructed from handmade paper using milk cartons at disabled persons’ workplaces. In the Himeji region, Sumitomo Trust has launched a project to enhance the recycling system for milk cartons in collaboration with local paper manufacturers, Himeji City, and NPOs. I expect this project to develop into a down-to-earth CSR activity.
(Mr. Akihiro Morizumi, Chairman of “Osaka Garbage Committee”)
2. In the service industry, reports on environmental issues tend to be simplified. Therefore, I believe it was a wise decision for Sumitomo Trust to create a CSR Report. I hope that Sumitomo Trust will actively tackle issues such as the appointment of more women to managerial positions, the employment of the elderly, childcare support amid the lower birth rate, and the aging of Japanese society.
(Ms. Watanabe, Suginami Ward, Tokyo)
3. Every time corporate misdoings or serious accidents occur, the public criticizes CEOs for their lenient crisis management systems. In many cases, the companies at issue rush to create ethics committees after the fact and make appeals to the public that improvements will be made, but they are not at all convincing. While this may be an extreme example, I believe that many CEOs usually do not know what they are supposed to do even after having established a system including committees. I suspect that in reality, many of them still feel a sense of uncertainty.
Normally, management that is based on a high sense of ethics would naturally permeate both inside and outside the company, taking away any need to fear uncertainty. It would also be unnecessary to publicize loudly actions such as establishing committees.
Companies are not hermits that live deep within mountains, separate from society. They have the responsibility to show that they are carrying out their healthy social responsibilities as part of the community.
The CSR Report issued by Sumitomo Trust outlines a wide range of items in a highly balanced manner, without appearing offensive.
I would like many people, not only corporate executives but students who are aspiring to become corporate employees, to read this report as a good example of corporate social responsibilities.
(Mr. Satoshi Araoka, author of *How to Advance Sustainable Crisis Management*)

Corporate Data (As of the end of March 2005)

Established:	1925
Total Employable Funds:	¥33,883.1 billion
Total Assets:	¥16,018.5 billion
Loans:	¥9,948.1 billion
Entrusted Assets:	¥52,645.5 billion
Capital:	¥287.0 billion
Shares outstanding:	1,672,147,956 (common)
BIS Capital Adequacy Ratio:	12.50% (consolidated)
Number of Employees:	4,991

Number of Offices:
Domestic - 61 (51 branch offices; 10 satellite offices)
Overseas - 8 (3 branch offices; 5 representative offices)

Number of Group Companies:
Subsidiaries - 19 (Domestic 13; Overseas 6)
Affiliates - 9 (Domestic only)

For further information, please contact:

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