

SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS
CSR REPORT
2015



Editorial Policy

Editorial Policy of the Corporate Social Responsibility (CSR) Report

Sumitomo Mitsui Trust Group (the "Group") conducts hearings with institutional investors focused on ESG factors, outside directors, and experts to identify ESG-related factors (materiality, i.e. identifying priority issues) with strong linkages to medium- and long-term value creation. Taking into account what we learned from these hearings, we identified materiality for the Group.

While referencing "Creating Shared Value (CSV)," a concept propounded by Professor Michael E. Porter of Harvard Business School, this CSR report is structured around the basic policy on the social responsibility of the Group (i.e., Sustainability Policy) in its disclosures on identified priority issues. Moreover, the report references the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines that were released in May 2013.

In response to readers' various needs, we publish CSR reports for the Group in three forms: a full report (this report), a digest report, and feature booklets on *Climate Change*, *Natural Capital*, *Responsible Investment*, and *Environmentally Friendly Property*. Please visit our website to view our other CSR initiatives.

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

Scope of This Report

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

Target Readers

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

Period Covered by This Report

October 1, 2014 to September 30, 2015

* This report also includes the most recent information on activities before fiscal year 2014 as well as after October 2015.

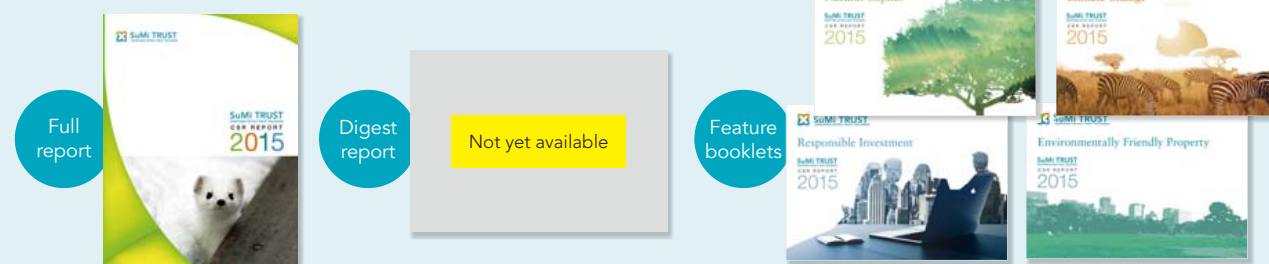
Reference Guidelines

Global Reporting Initiative (GRI)

"G4 Sustainability Reporting Guidelines"

* For tables comparing GRI guidelines and information in our CSR report, please refer to the section from page 129.

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



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

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



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

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

The quarterly journal "SuMi TRUST With You" reports on the "With You" social contribution activities of SuMi TRUST Bank (four issues per year).



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



Cover photo: Short-Tailed Weasel (Mustela erminea)

The short-tailed weasel is listed as an endangered species in the least concern category.

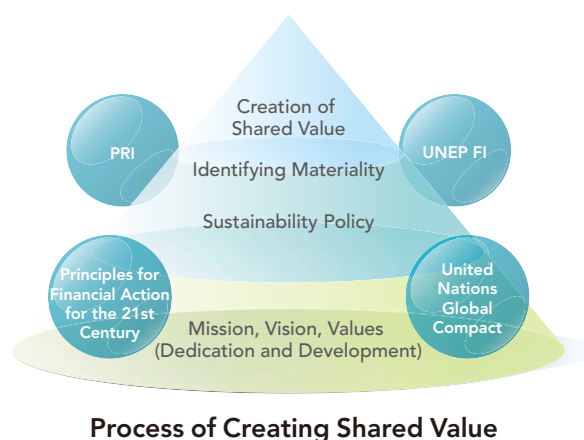
Creating Shared Value through CSR Activities

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

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

Moreover, as a part of our process for realizing CSV, we identified materiality for our Group based on the perspectives of long-term investors and external experts we interviewed, and we are working to raise awareness and understanding within the Group through internal engagement methods.

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



Management Principles (“Mission”)

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

Ideal Model (“Vision”)

—Towards “The Trust Bank”—

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

Codes of Conduct (“Value”)

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

Completely Client-oriented—Truthfulness and Loyalty

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

Contribution to Society—Dedication and Development

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

Realization of Organizational Capability—Trust and Creativity

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

Establishment of Individuality—Self-help and Self-discipline

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

Strict Compliance with Applicable Laws and Regulations

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

Resolute Stance against Antisocial Forces

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

Sumitomo Mitsui Trust Group's

Basic Policy on Social Responsibility

(Sustainability Policy)

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

1

Contribute to Solving Social and
Environmental Problems through Business

▶009

2

Serve Clients with Sincerity

▶058

3

Earn the Trust of Society

▶067

4

Address
Environmental Issues

▶092

5

Respect the Individual

▶098

6

Participate in and
Contribute to the Community

▶111



Sustainability Policy 1

We aim to enhance our earnings by developing and marketing products and services that help address social and environmental problems.



Sustainability Policy 2

A basic premise of corporate activities is obtaining the trust of customers. We work to improve client protection and customer satisfaction and ensure product reliability.



Sustainability Policy 3

We are bolstering the foundations of corporate value creation such as corporate governance, CSR, compliance, and risk management.



Sustainability Policy 4

We are working to reduce our environmental burden with the aim of building a circular society where nature co-exists with human communities.



Sustainability Policy 5

We value people that form communities. We create workplace environments that enable people to achieve peak form in putting their capabilities to use.



Sustainability Policy 6

We believe sound local communities underpin a healthy client base. We contribute and participate in the communities where we do business through our local "With You" activities.

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Management Commitment

We seek to be a true sustainability bank that combines contribution to a sustainable society with a high levels of corporate value.

Kunitaro Kitamura
President

Hitoshi Tsunekage
Chairman

Japan's Stewardship Code paves the way to ESG markets

A series of capital market reforms led by the administration of Prime Minister Shinzo Abe are prompting changes in Japanese society and its economy. One of the reforms, Japan's Stewardship Code, encourages institutional investors to engage in constructive dialogue with companies with the aim of restoring corporate earning capabilities. With more than 200 investors signed on, the Stewardship Code is beginning to have an influence on corporate management.

These trends are accelerating even faster overseas. In particular, the Principles for Responsible Investment (PRI) call on institutional investors to make investments based on a long-term perspective that considers the environment, society, and governance (ESG). The number of PRI signatories has been steadily increasing since it was established in 2006. The market is worth more than 2,000 trillion yen.

Japan was late getting on board with this global trend, but its introduction of the Stewardship Code has drawn attention to ESG, which shares a similar long-term perspective, and signs of a change have appeared in a once stagnant market. On September 27, 2015, Prime Minister Abe announced at the United Nations that the Government Pension Investment Fund, Japan (GPIF), the world's largest pension investor, had become a PRI signatory. We see this as a landmark event leading to full-scale expansion of ESG investment in Japan.

Launch of ESG integration

Sumitomo Mitsui Trust Group ("SuMi TRUST Group") developed a full-fledged ESG investment fund in 2003 and began offering it to corporate pension funds. We continued to refine our management methods for a long time afterward, and ESG investment has since become one of our fortes. In light of these results, we launched an "ESG integration" in April 2015, integrating ESG into the active management of all Japanese equities. The explosive expansion of ESG investment in the US and Europe is due to an accelerated move to integrate ESG into not only themed investing, but also management of existing funds. The policy of SuMi TRUST Group is to seek to improve long-term investment returns through ESG integration and to combine this with dialogue (engagement) with companies in order to fulfill our responsibilities as an institution that has adopted the Stewardship Code.

Identifying materiality and internal engagement

Meanwhile, we need to strengthen our own ESG activities. Therefore, in FY2015, we worked to rebuild our foundation by identifying priority issues (Materiality) from the dual viewpoints of the corporate value of SuMi TRUST Group and degree of influence on society. Furthermore, in order to promote ESG internally, we have adopted the approach behind the Stewardship Code to start a new "internal engagement" in which CSR departments act as "pseudo-ESG investors" and engage in dialogue with departments in charge of operations with high materiality. We will apply the "recognition" we have gained through these efforts to our management and hope to link them with more extensive disclosure of non-financial information.

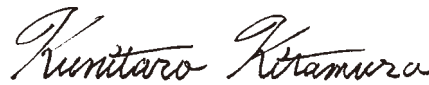
Seeking to be a true sustainability bank

CSR is not a form of social contribution. Nor is it advertising for the company. SuMi TRUST Group has always sought to fuse CSR with its core business, but we still have a long way to go toward realizing a true "sustainability bank" that contributes to the formation of a sustainable society while increasing our own corporate value. We will redouble our efforts to pursue ESG in a way that strikes the right balance between both defense (handling risk) and offense (business). We look forward to your warm and continued support and cooperation in these endeavors.

December 2015



Hitoshi Tsunekage, Chairman



Kunitaro Kitamura, President

Identifying Materiality of Sumitomo Mitsui Trust Group and Initiatives Toward Creating Shared Value

With the establishment of the Corporate Governance Code, Japanese companies are increasingly being called upon to identify issues surrounding sustainability, including social and environmental issues, and appropriately address them as management themes. SuMi TRUST Group regards sustainability issues as a concept that shares the same meaning as environment, society and governance (ESG), advocated by the Principles for Responsible Investment (PRI). With the cooperation of external experts, SuMi TRUST Group has identified priority issues (Materiality) from the long-term perspective of investors. Furthermore, through internal engagements, SuMi TRUST Group has strengthened its responses toward these issues on the working level and has established a system for addressing them as management issues for creating shared value.



Five Steps Toward Creating Shared Value Starting with the Identification of Materiality

STEP 1

Selecting Items for Identifying ESG Materiality from the Long-term Perspective of Investors

We emphasize the views of ESG investors who take into account the interests of various stakeholders to pursue corporate value from a long-term perspective. Based on reporting guidelines such as GRI and SASB, we select bank materiality items emphasized by ESG research companies*1 that provide information to investors. We then select 28 items for identifying materiality, taking into consideration case studies from the world's most innovative banks, such as ESG risks of Sumitomo Mitsui Trust Holdings ("SuMi TRUST Holdings") and ESG risks unique to Japan*2.

*1 MSCI, FTSE, Sustainalytics, Robeco SAM, etc.

*2 "Risk Landscape in Japan: The Second Survey" The University of Tokyo

Selecting 28 items for identifying materiality



STEP 2

Calculating the Points for the 28 Items through Interviews with Internal Related Parties and External Officers and Experts

We asked the related parties and experts to grade the 28 items for identifying materiality from two perspectives on a five-point scale.

(First perspective)

We asked the departments comprising the ESG Risk Management Project Team (see page 85) and all eight external directors and external corporate auditors ("external officers") of SuMi TRUST Holdings and Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank") to grade in points the degree of influence of each item on the medium- to long-term corporate value of SuMi TRUST Group.

(Second perspective)

We asked 18 external experts and external officers to grade in points the degree of SuMi TRUST Group's influence on society (stakeholders).

We calculated the average point score of all the items.

Grading the items in points based on interviews



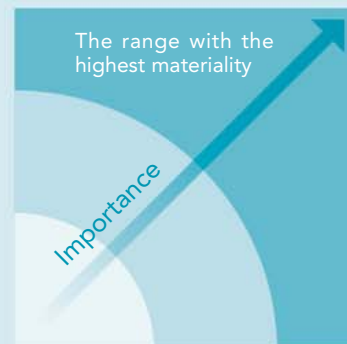
STEP 3

Compiling a Materiality Map and Sharing ESG Issues on the Management Level

We plotted the average point score of the 28 items for identifying materiality calculated in STEP 2 on the materiality map (scatter diagram) illustrating the relationship between the "degree of importance on the medium- to long-term corporate value of SuMi TRUST Holdings" and the "degree of SuMi TRUST Holdings' influence on society (stakeholders)." We then confirmed SuMi TRUST Group's materiality, which had been assessed from the two different perspectives. The items plotted in "the range with the highest materiality" are considered to be the ESG issues requiring the greatest emphasis. The issues are resolved at the Executive Committee and subsequently reported to the Board of Directors.

The range with the highest materiality

Importance



External Experts Interviewed (in Alphabetical Order)

Chihiro Kawashima	(Head of the Department of Economic and Social Policy, Japanese Trade Union Confederation)
Eiichiro Adachi	(Counselor, Center for the Strategy of Emergence, The Japan Research Institute, Limited)
Hidemi Tomita	(Group Manager, Lloyd's Register Quality Assurance Limited)
Keisuke Takegahara	(General Manager, Environmental Initiative & Corporate Social Responsibility-Support Department, Development Bank of Japan Inc.)
Makoto Teranaka	(Visiting Professor, Tokyo Keizai University)
Mariko Kawaguchi	(Head of Research, Daiwa Institute of Research Ltd.)
Masahiro Mizuno	(Representative Director, TREE INC.)
Masao Seki	(Senior Advisor on CSR, Sampo Japan Nipponkoa Insurance and Associate Professor, School of Business Administration, Meiji University)
Masaru Arai	(Chairman, Japan Sustainable Investment Forum)
Masatoshi Kikuchi	(Chief Equity Strategist, Equity Research Department, Mizuho Securities Co., Ltd.)
One Akiyama	(President, Integrex Inc.)
Ryoji Terada	(Executive Officer, PricewaterhouseCoopers Sustainability LLC)
Takashi Hongo	(Senior Research Fellow, Mitsui Global Strategic Studies Institute)
Takejiro Sueyoshi	(Special Advisor, UNEP Finance Initiative)
Tomonari Yashiro	(Vice President, The University of Tokyo (Dr. of Engineering))
Yasunori Nakagami	(Chief Executive Officer, Misaki Capital Inc.)
Yasushi Hibi	(Director, Conservation International Japan)
Yoshihiro Fujii	(Director, Research Institute for Environmental Finance and Visiting Professor, Sophia University)

Opinions of External Officers and Experts (Excerpted)

- Due to the materiality changes, it will be necessary to conduct reviews according to changes in the external and internal environments.
- In terms of supply chain management, the problem of the influence exercised on clients (leverage) is the most crucial issue (in connection with consideration of our influence on the environment and society of companies that we invest in or lend to).
- Disputes and political unrest have greater materiality than natural disasters. Being a trust bank, SuMi TRUST Holdings will be required to respond to such social unrest in an autonomous manner.
- I believe that "overall balance" is an important feature for financial institutions. They have a responsibility of supplying funds to industries as a whole and must select companies as targets for investments in a well-balanced manner.
- I believe that the degree of influence an enterprise has on society depends on its size I graded higher for the influence on norms that should be established for society as a whole rather than the influence on issues impacted by physical size. I also carefully graded the items that should be proactively addressed without being legally required to do so.

STEP 4-1

Implementation of Internal Engagement

The CSR Promotion Office, Corporate Planning Department selects current issues regarding items with high materiality, based on feedback from ESG research companies on SuMi TRUST Holdings' assessments, opinions of institutional investors and other factors, and it compiles a discussion paper. Based on the paper, we undertake internal engagement*¹ with departments that usually do not interact directly with investors*².

*¹ Internal engagement means to indicate ESG issues from the standpoint of investors and conduct dialogue (engagement) on necessary measures and content of information disclosures.

*² Corporate Administration Department, Human Resources Department, Risk Management Department, Compliance Department and Customer Satisfaction Promotion Department

Preparation of the discussion paper



Implementing internal engagement



STEP 4-2

Putting into Practice Content of the Engagement

The departments subject to internal engagement will utilize the content of the dialogue regarding the items determined to be necessary for dialogue from the perspective of creating shared value in improving their business. The CSR Promotion Office will utilize the content to upgrade the disclosure of non-financial information such as CSR reports. IR departments will utilize such disclosed information for their dialogue with external investors.

Utilization for improving business, upgrading the disclosure of non-financial information, etc.

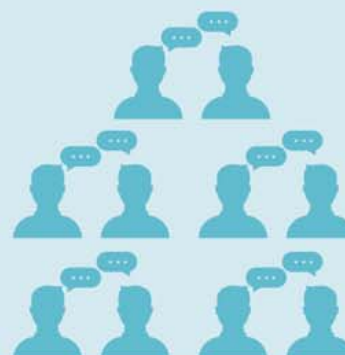


STEP 5

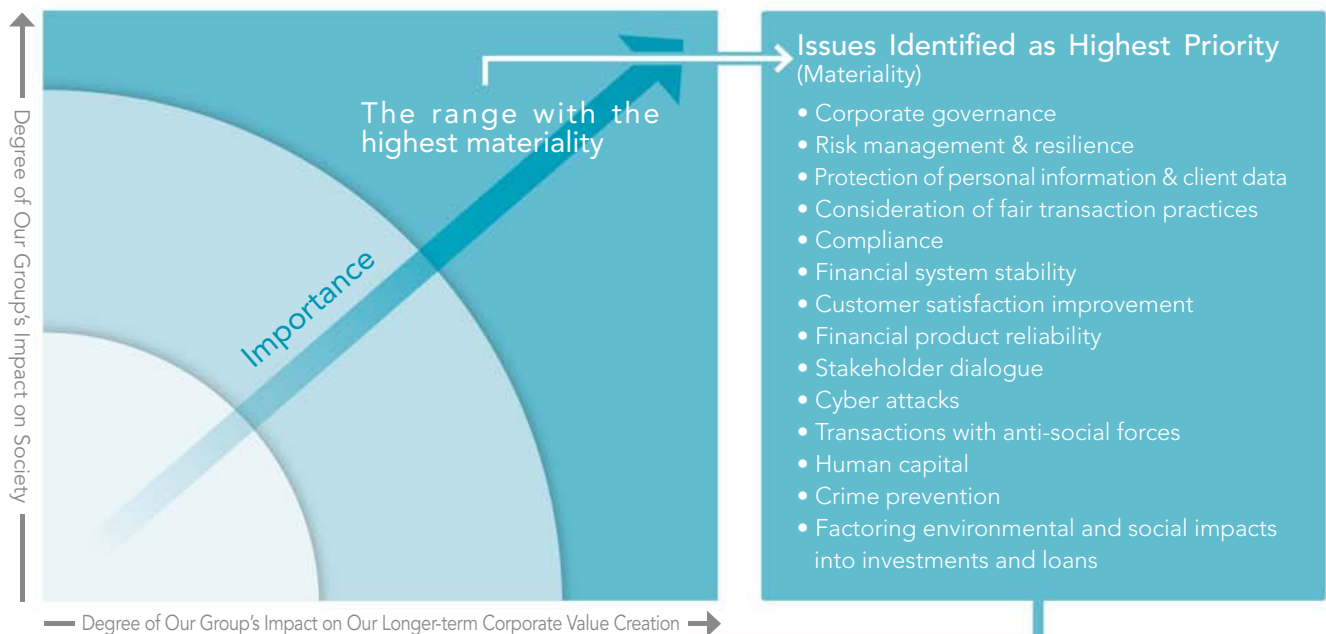
Initiatives toward Increased Long-term Corporate Value

The identified materiality will be regarded as corresponding to "the environmental and social issues over sustainability to be addressed by the Board of Directors," prescribed in Article 3-4 of the Basic Policy on Corporate Governance of SuMi TRUST Group, as well as being put into practice through internal engagements. Multi-faceted discussions will be conducted at the Board of Directors' meetings, mainly on themes with especially high materiality, and the direction to be taken by SuMi TRUST Group will be determined.

Themes discussed at the management level



Sumitomo Mitsui Trust Group's Materiality Map



Reporting Framework based on Our Group's Sustainability Policy

Sumitomo Mitsui Trust Group's Basic Policy on Social Responsibility	
1. Contribute to Solving Social and Environmental Problems through Business	Pursuit of business opportunities with environmental and social themes*
2. Serve Clients with Sincerity	Protection of personal information & client data, customer satisfaction improvement, financial product reliability
3. Earn the Trust of Society	Corporate governance, risk management & resilience, consideration of fair transaction practices, compliance, financial system stability, stakeholder dialogue, cyber attacks, transactions with anti-social forces, crime prevention, factoring environmental and social impacts into our investments and loans
4. Address Environmental Issues	Reduction of our Group's environmental burden*
5. Respect the Individual	Human capital
6. Participate in and Contribute to the Community	Social contribution*

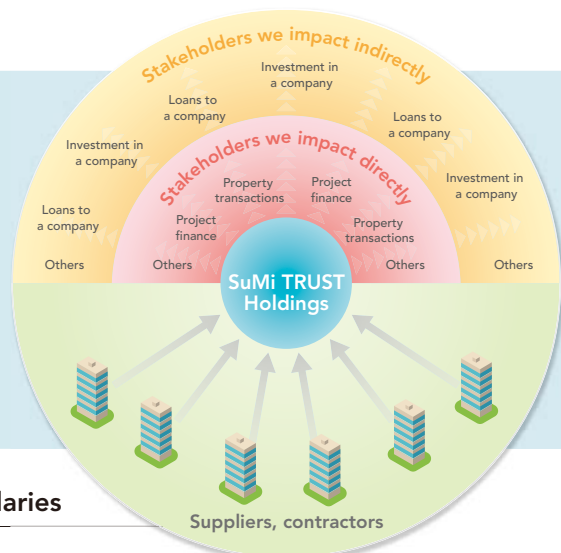
*This includes 28 items identified as within the scope for materiality consideration, but were not identified as highest priority issues (materiality).

Defining the Boundaries

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

The Group identifies "boundaries" as below:

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



SuMi TRUST Group's Boundaries

Sustainability Policy 1

Contribute to Solving Social and Environmental Problems through Business

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



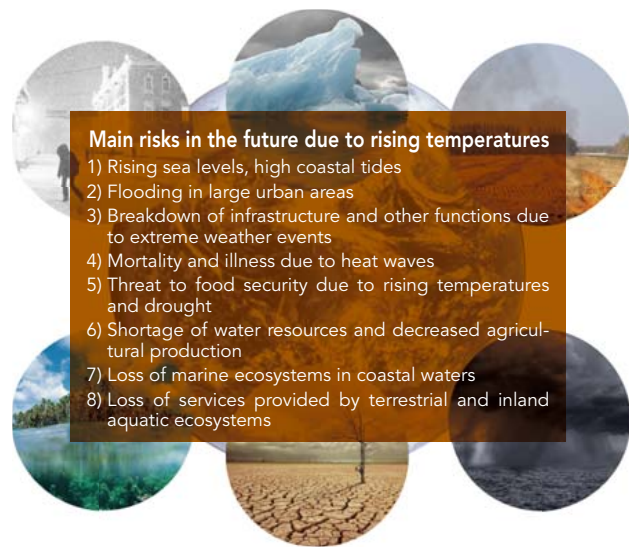


Addressing Climate Change Using Our Financial Capabilities

In recognition that building a sustainable society is necessary to addressing climate change, the Group devised “Action Guidelines for Mitigating Climate Change” and is advancing this theme as the most important of its Eco-Trustution* initiatives.

With the adoption of the Paris Agreement, a new international framework for climate change at COP21 in Paris, the world is nearing a major turning point in the supply-demand structure of energy, from the need to further reduce CO₂ emissions and pressure to exit coal-fired power generation to growing interest in renewable energy deployment. The Group will continue to develop high-value-added financial solutions businesses that leverage its capabilities and skills as a trust bank.

* ECO Trustution: The Group has coined the word “Eco-Trustution” for environmental financial businesses that offer solutions to ecological issues using our trust function. Under this concept, we work to develop and provide solutions-based financial instruments and services.



Action Guidelines for Mitigating Climate Change

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

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

2. Provision of Products and Services

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

3. Collaboration with Stakeholders

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

4. Education and Training

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

5. Information Disclosure

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

Finance and Climate Change

Financial institutions are exposed to risks arising from climate change but climate mitigation and adaption measures offer new business opportunities. In their investment and lending decisions, financial institutions will need to be

cautious about funding businesses that will be substantially affected by climate change while actively seeking to allocate funding to businesses contributing to climate action.

Climate risks facing financial institutions: Examples

- 1 Risk of deterioration at companies, projects, and individuals in loan and investment portfolios due to climate change impacts
- 2 Risk of earnings swings at individual companies and sectors due to legal and/or regulatory changes, a heavier economic burden from climate-related measures, and technological competition
- 3 Risk of infrastructure ceasing to function due to flood damage, irregular weather, etc. and spill-over effects on business continuity
- 4 Risk of rising costs for mitigation and adaption measures to address climate change

Climate-related business opportunities for financial institutions: Examples

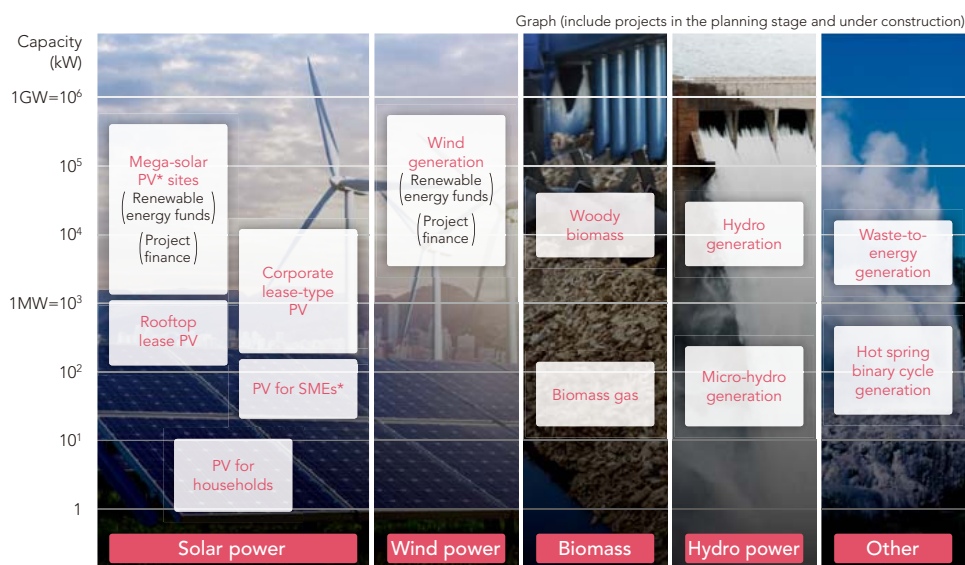
- 1 Provide financing to promote broad adoption of renewable energy
- 2 Provide financing to corporations and individuals to adopt energy-saving solutions
- 3 Provide financing for social infrastructure responsive to climate change risks
- 4 Provide financing to develop new technologies for mitigation and adaption

Spread and Growth of Renewable Energy

Our Renewable Energy Initiatives

SuMi TRUST Group is working to develop financial products to facilitate diverse forms of renewable energy. These include schemes for business scales that range from micro-generation to large-scale generation.

Specifically, the Group provides finance in various forms, ranging from renewable energy funds that invest in electricity generation to project finance and leases.



*SMEs: small and medium-sized enterprises; PV: photovoltaic

Renewable Energy Funds

Renewable energy funds have been set up to invest in large-scale generation projects using renewable energy sources like solar power.

- We contribute by providing equity-like funding for the spread of renewable energy projects.
- We are expanding assets under management in our funds and building up an investment track record in solar power. We plan to broaden the scope of our renewable energy investments to include biomass, wind, and other sources.
- We are working to develop investment products for individuals and institutional investors and pension funds that seek stable income gains.

Overview of Funds

Item	Comment
Name	N-REIF No. 1 Investment Limited Partnership (LP)
Establishment	March 30, 2015
General partnership	Sumitomo Mitsui Trust Investment Co., Ltd., ITOCHU ENEX Co., Ltd.
Limited partnership	Sumitomo Mitsui Trust Bank, Limited
Fund size	5.025 billion yen
Investment scope	Renewable energy projects backed by renewable energy sources law*

Note: Investment scope includes greenfield projects (developments where facilities have been certified) and brownfield projects (sale of facilities in operation).

* Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities

Mega-solar PV Sites: Metrics on Operational Status*

Number of sites	Sites	160
	Licenses & permits	1,554
	Ratio of operating PV sites*	10.3%
Capacity [MW]	MWs	1,753
	Licenses & permits	30,573
	Ratio of operating PV capacity*	5.7%

* For mega-solar PV sites of over 2MWs (as of June 2015), about 90% of them are not in operation (i.e., sites still at the planning stage). In terms of aggregate mega-solar PV capacity, about 94% is still not in operation.

** Calculated based on materials released by the Agency for Natural Resources and Energy.

Investigating Multiple Projects as Prospective Investments (as of November 2015)

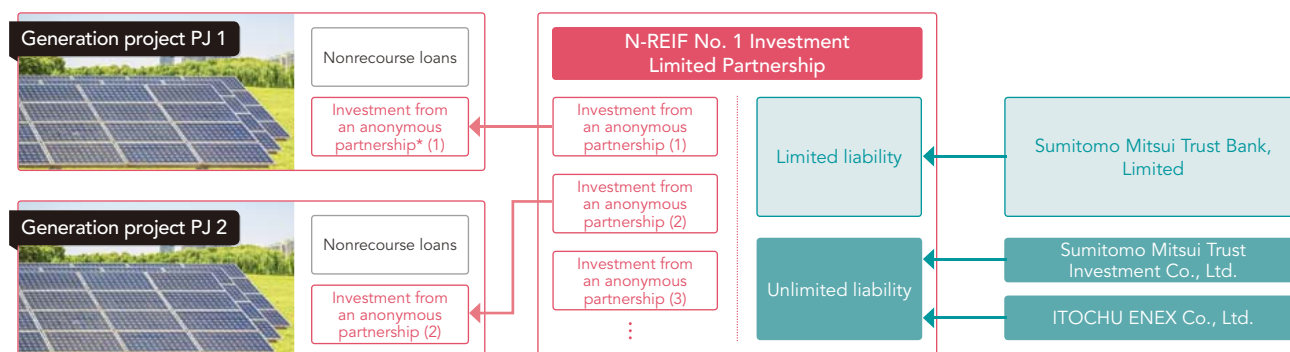
- Mega-solar PV sites extend from the Kanto region to the Kyushu region
- Generation capacity ranges from 10MW to 60MW
- Total project expenses range from 3 billion yen to 25 billion yen
- Capital required from funds range from 500 million yen to 2 billion yen

We look to respond to the following needs of renewable energy generators.

- They seek to lock in equity-like finance for projects.
- They seek to raise funds smoothly.
- They aim for further expansion of mega-solar PV sites, while the investment funds we manage seek to keep their equity exposure per site at a safe level.
- They seek to move generation assets off their balance sheets.
- They seek to unwind existing generation assets into non-core businesses.
- They seek to sell off a portion of project equity to confirm the viability of a future exit.



Fund Schemes



*Anonymous partnerships are called "tokumeikumiai" in Japanese.

Project Finance for Renewable Energy

We are promoting the adoption of renewable energy such as wind and solar power through project finance.

We are also participating in new kinds of large-scale projects such as offshore wind turbines and biomass.

Since the introduction of Japan's feed-in tariff (FIT*) system, mega-solar PV sites have been built across the nation. The process of negotiating an international agreement to combat climate change from 2020 onwards is highlighting the necessity of further CO₂ emission reductions globally.

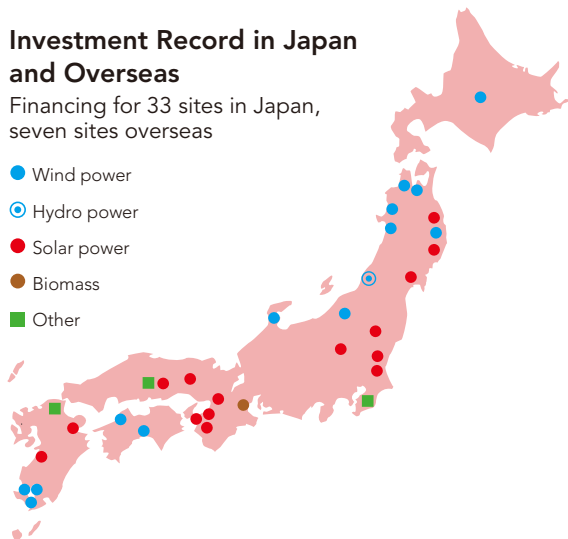
To accompany our investments in wind and solar generation, Sumitomo Mitsui Trust Bank ("SuMi TRUST Bank") is executing financing arrangements in new fields such as large-scale biomass generation in Japan and two overseas offshore wind generation projects. Expectations for financing to support broader adoption of renewable energy continue to grow.

* Japan's FIT system requires utilities to purchase electricity generated by renewable sources at fixed prices.

Investment Record in Japan and Overseas

Financing for 33 sites in Japan, seven sites overseas

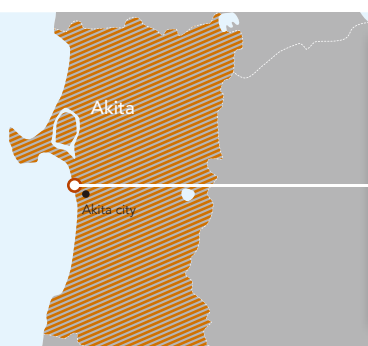
- Wind power
- Hydro power
- Solar power
- Biomass
- Other



Large Projects Come On-stream in Japan and Overseas

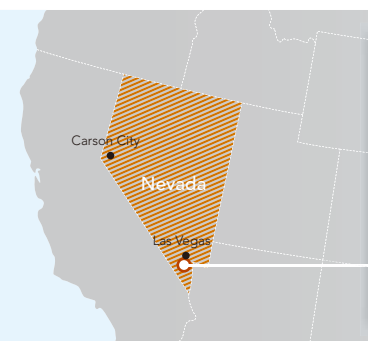
Wind Farm in Japan

In Akita Prefecture, where wind conditions on the coastline are favorable, a large-scale wind turbine park has been installed. Each turbine can generate 3MW, the greatest capacity among domestic wind farms. The total generation capacity of the six wind turbines combined comes to 18MW. Using the FIT system, electricity generated by the wind turbines is sold on to affiliated electric power utilities.



Overseas Mega-solar

A mega-solar PV site with 250MW capacity has been built in a hilly desert region of Nevada, United States. There are no mega-solar PV sites of this size in Japan, but overseas more mega-solar sites of a similarly massive scale will come on-stream or are at the planning stage.



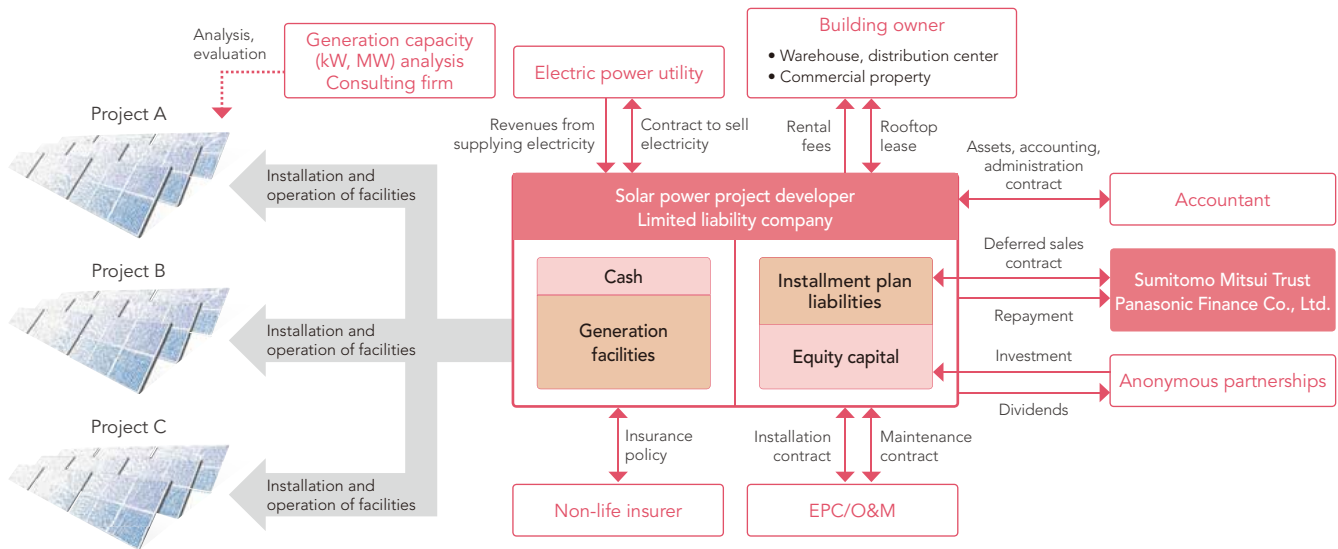
Solar PV Panels for Leased Rooftops

Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. supports financing for the facilities necessary for solar PV panels to be installed on leased rooftops.

There is still a lot of untapped space to install PV panels on buildings in Japan. Solar power developers lease the rooftops of various businesses such as warehouses, distribution centers, and commercial properties for PV panel installations.

Using the FIT system, solar power developers wholesale the electricity generated, and property owners receive a stable rental fee for leasing their rooftops.

Through September 2015, PV panels have been installed on the rooftops of seven properties using this approach. The smallest installation is 120kW and the largest is 1,050kW, with total installed capacity exceeding 4,300kW.



Biomass Generation

We support adoption of biomass facilities that convert food waste and other organic waste into biogas.

At a biomass power generator, organic waste—such as food waste, livestock urine and manure, and organic sludge from sewage and waste-water—is fermented and combustible

gases, mainly methane, are extracted and used as fuel to generate electricity. Under the Food Recycling Law, the recovery of heat from food wastes is recognized as a form of recycling provided certain conditions are met, and so the electricity generated can be resold using the FIT system.

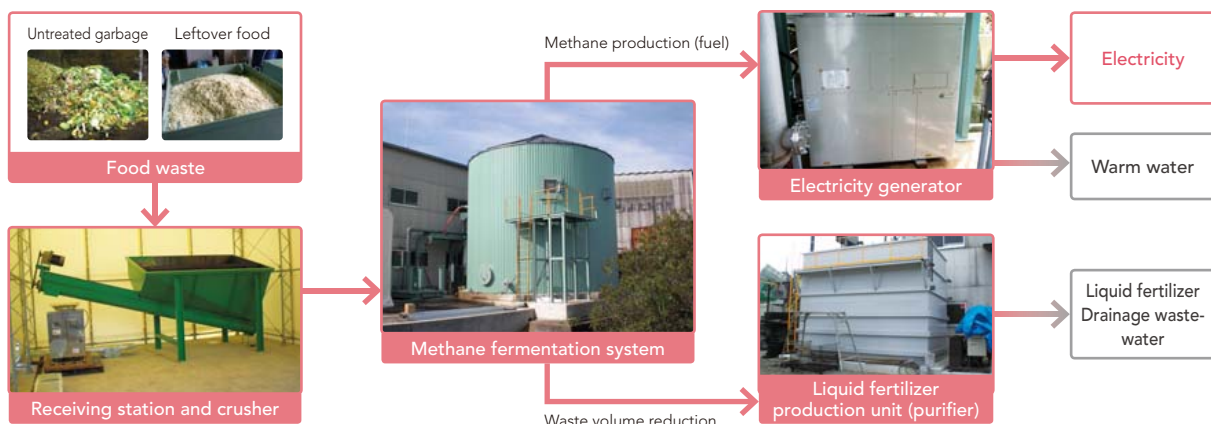
Merits

- Curtails volume of waste produced, reduces waste disposal costs
- Earns income from reselling electricity via the FIT system
- Curtails putrid odors due to fermentation, reduces release of bad smells to nearby areas
- Byproducts like post-fermentation, digested slurry can be recycled as a liquid fertilizer

Wastes eligible for recycling

- Food waste, food residues
- Livestock urine and manure
- Organic sludge, etc. from sewage and waste-water

Adopting a Food Waste Processing System: An Example



Support for Energy Efficiency

Energy Management Systems Using Leases: Examples

We offer comprehensive support from the planning and adoption stages through to energy management services.

Specific investment ideas

- 1 Installation of high-efficiency refrigerators and refrigerator show-cases
- 2 Conversion to LED lighting
- 3 Adoption of integrated control systems

Post-adoption savings

- 1 Electricity consumption lowered by about 500,000 kWh per year (25% cut)
- 2 Electricity bill lowered by about 13 million yen per year (These examples are for a super-market with 7,300 m² total floor area)



A store that remodeled by installing high-efficiency refrigerators, refrigerator showcases, and LED lighting.

Key points in our proposals

- 1 A one-stop service menu from energy-saving consulting, equipment investment planning, and financing to post-installation energy management services
- 2 Harnessing subsidies lightens upfront investment sum (subsidy rate of 33%)
- 3 Use of leases reshapes payment stream: Zero upfront investment to purchase equipment with costs paid over time in the form of leveled out payments

Energy-Saving Consulting: Energy Management Services

Sumitomo Mitsui Trust Panasonic Finance
(Total management includes fund raising)

Visualize energy consumption

ICT automatic controls

Maintenance

Energy-saving inspections

Energy management services

Energy-saving consulting services

Clients

Propose the most appropriate menu of options

Open platform of Sumitomo Mitsui Trust Panasonic Finance

Various energy-saving menu options

Remote monitoring, operational improvements, energy-saving renovations, improved heat source efficiency, lighting, air conditioning etc.

Sumitomo Mitsui Trust
Panasonic Finance



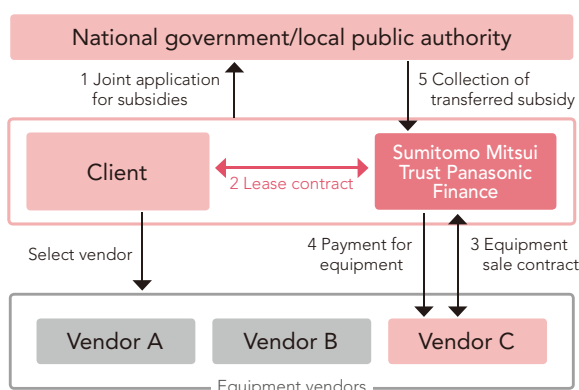
Manufacturers, engineering
firms, construction firms

One-Stop Services for Energy-Saving Investment: Subsidy-Eligible Leases

We offer one-stop services that support all proposals from planning for energy-saving investments to asset operation.

- Our one-stop service menu ranges from energy-saving assessments, examinations to identify energy-saving measures, equipment selection, subsidy applications, and securing financing to maintenance services.
- Using leases enables installation of energy-saving equipment without upfront investment cost.
- Securing subsidies lowers upfront investment costs, enabling recipients to benefit even more from energy savings and cost reductions.
- We offer tailored proposals through partnerships with manufacturers and installers.

A Flow Chart Mapping Out the Use of Subsidies

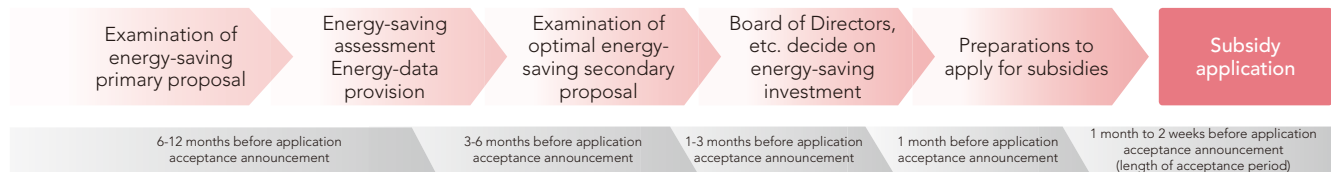


Main subsidy systems

- Subsidy support for rationalizing energy use at SMEs
- Zero net energy building (ZEB) project: Subsidies to promote adoption of innovative energy-saving technologies in housing and buildings
- Sharply cut CO₂ emissions via efficient execution of advanced countermeasures (ASSET project)
- Subsidies to support adoption of onsite installed lithium-ion storage batteries

* Certain conditions must be met to be eligible to apply for subsidies.

Stages in the Subsidy Application Process



Other Contributions to Climate Change Countermeasures

Farming systems that use renewable natural resources

We support energy-efficient farming that uses natural forms of energy such as sunlight, water, and wind to control the environment inside greenhouses. Sensors can track key environmental metrics such as the atmospheric temperature and the temperature of things inside greenhouses and automatically adjust controls to effectively balance the overall environment.

We seek to improve annual production efficiency such as the volume of produce for each unit of energy consumption and upfront investment.



A passive house-based farming system

Safe retrieval and disposal of Freon gases, next-generation refrigerants

Safely retrieving and disposing of Freon gas from equipment whose lease has expired are the main tasks of Japan Machinery Leasing and Sales Co., Ltd., a Group member. An atmospheric ozone destroyer and greenhouse gas, Freon has been used in air conditioners, freezer/refrigerator showcases, refrigerators, and freezers.

Moreover, the Group is striving to provide leases for equipment that use next-generation refrigerants like non-Freon gases with a low GHG coefficient.



A non-freon freezer unit and a non-freon freezer showcase

Picture: Panasonic Eco Solutions Condominiums & Apartments Engineering Co., Ltd.

Reducing CO₂ Emissions in Buildings, Community Development

Renovation Loans for Smart Houses

We support remodeling homes into "smart houses" through our home renovation loans. Houses are being transformed into places where families use wisely the energy they generate themselves.

A smart house can efficiently generate and store energy by combining solar PV panels, a storage battery unit, and a household fuel cell. There have been extensions and improvements to functions that enable dwellers to control electricity consumption to match their lifestyle and weather conditions.

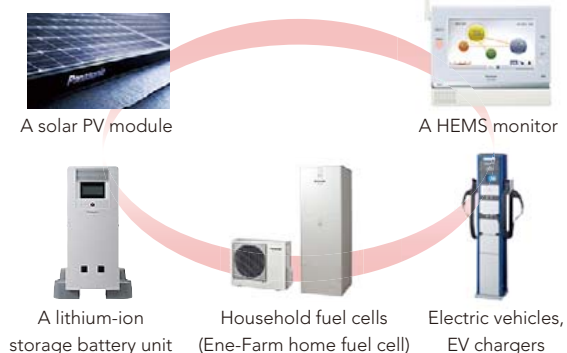
Retail sales of electricity and gas to households in Japan are to be liberalized soon. It is hoped non-electricity companies, such as telecommunication companies, will enter this market and offer bundled services that include telecom, TV broadcasts, etc. along with electricity. Moreover, electric vehicle battery packs may increasingly be put to use to store energy, and progress is expected in the development of services where the functions performed by housing, home appliances, and vehicles are integrated.



A smart house

Since a system to purchase surplus electricity from solar panels was created, Sumitomo Mitsui Trust Panasonic Finance has contributed to the spread and adoption of solar power generation by households through its solar loans. Our solar loan portfolio as of October 2015 stood at 58.5 billion yen. Through our partnerships with equipment vendors and installers, we support remodeling homes into "smart houses" through our renovation loans.

Equipment for Upgrading to a Smart House



Smart Cities

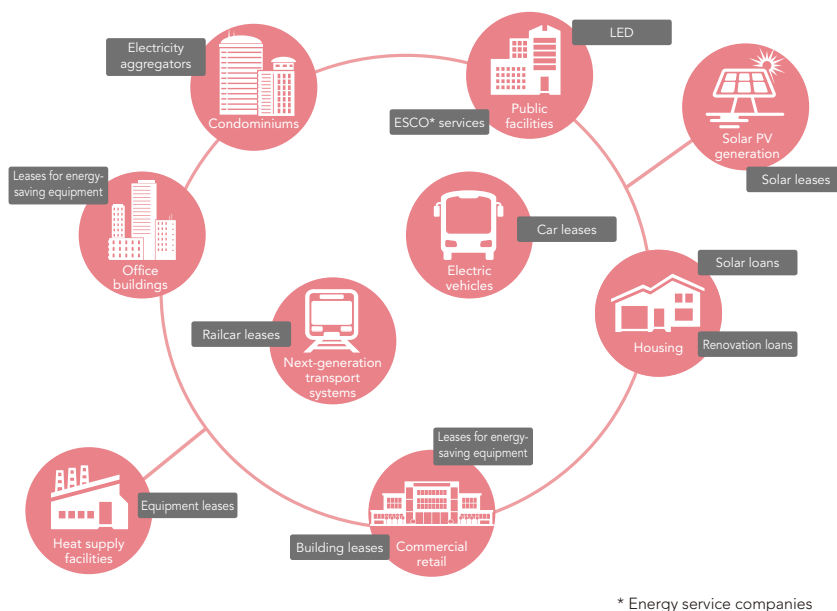
We support smart town and smart city projects in many ways, ranging from the creation of value-added by taking the environment into account to the provision of funding to individuals via leases and housing loans.

Fujisawa Sustainable Smart Town



Panasonic Corporation, Fujisawa City, and eleven partner companies, including SuMi TRUST Bank, are collaborating to promote Fujisawa Sustainable Smart Town. Community-wide, comprehensive CO₂ reduction efforts include town management programs. This approach is driving town development.

Smart City Diagram

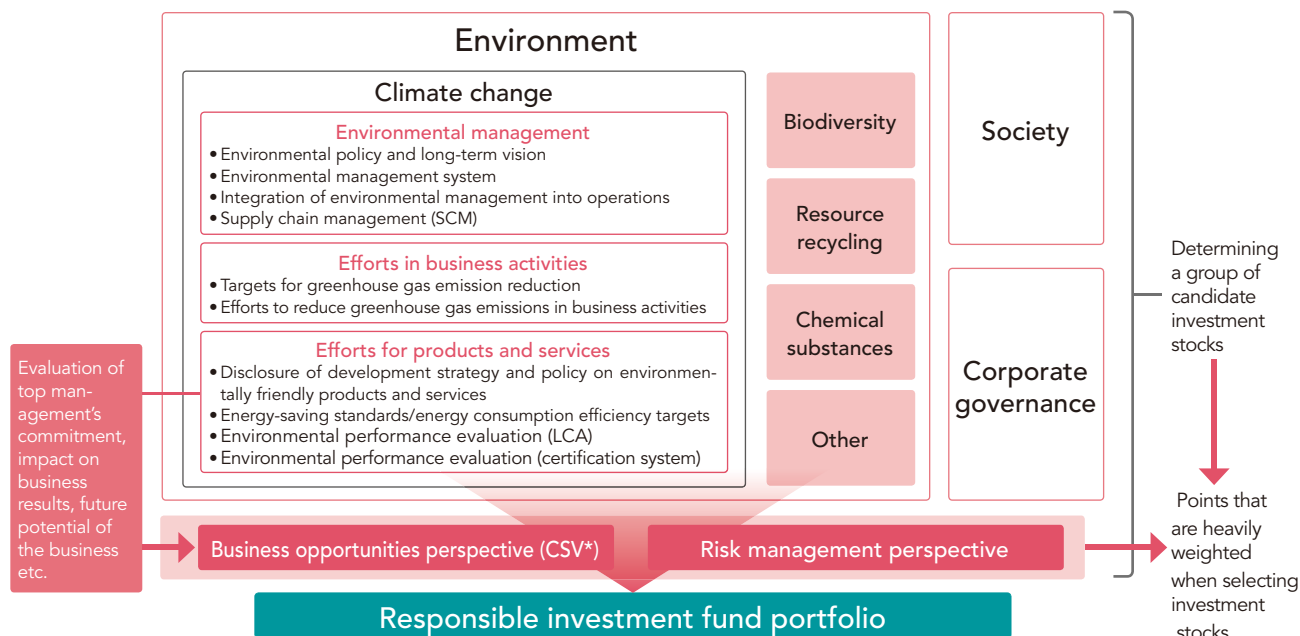


The goal of smart cities is to realize a sustainable society via climate change mitigation by improving energy usage efficiency across many activities such as information technology, transportation, residential environment, production activities, and recreation activities.

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

Climate change mitigation efforts are an important evaluation item for the various responsible investment funds offered by SuMi TRUST Bank. When selecting stocks for investment, we emphasize the dual perspectives of pursuing business opportunities and risk management based on the comprehensiveness of a company's measures.

Our View on Corporate Evaluation in a Responsible Investment Context



* CSV stands for "creating shared value." CSV is the philosophy of pursuing social value and corporate value together.

Evaluation of Corporate Climate Change Mitigation Efforts in Financing

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

Environmental Rating Loans

SuMi TRUST Bank embeds items on climate change and global warming mitigation efforts into the rating criteria for environmental rating loans. These loans incorporate an evaluation system not only of emission volume and measures to reduce greenhouse gases produced by business activities at the client company, but also of the climate impacts from its supply chain management. The evaluation includes whether

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

Clients of SuMi TRUST Bank's environmental rating loans can use an optional paid service for calculating the scope 3 greenhouse gas emissions upstream in their supply chain. They can use the results of this calculation for information disclosure for the Carbon Disclosure Project (CDP) and corporate social responsibility (CSR) reports. In addition, the optional service provides calculations of water usage volume and land area used in the upstream supply chain.

Branches with Built-in Eco-features

Koganei Branch (Tokyo)

The Koganei branch was opened in July 2015 as the sole trust bank in the Koganei neighborhood. The branch has many features designed to reduce its CO₂ emission impact. It has been outfitted with solar panels, all its indoor lighting comes from LED sources, and its energy management system shows how much electricity it is using on displays in ways that are easy to grasp.



Hoshigaoka Branch (Nagoya)

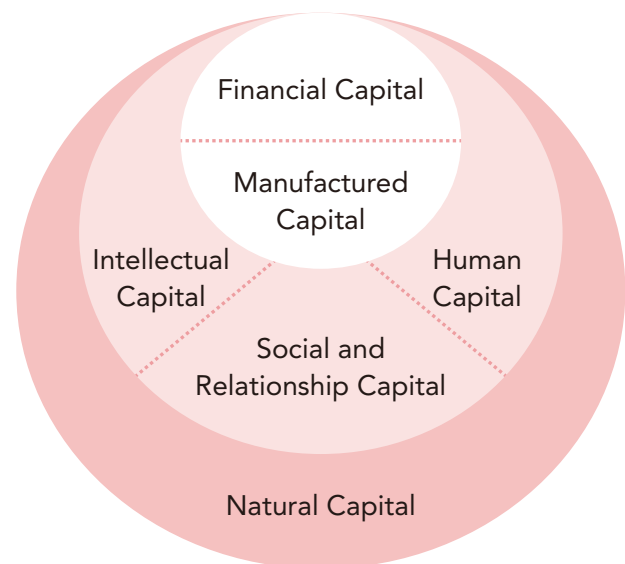
The Hoshigaoka branch was opened in August 2015 as the sole trust bank in Nagoya city's eastern part. Outfitted with solar panels and digital displays at two spots that show its electricity use, the branch adds to the surroundings with a green roof covered with a drought-resistant moss variety (*sunagoke* in Japanese, *Racomitrium japonicum*).





Natural Capital-related Initiatives Using Our Financial Capabilities

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



Protecting Natural Capital

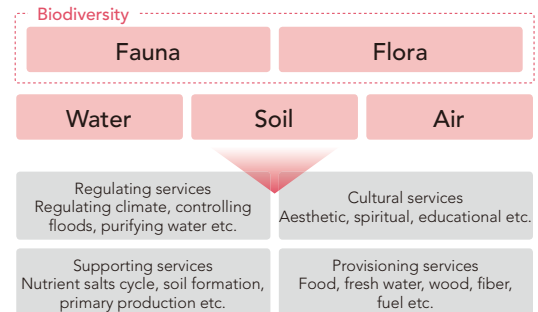
Natural Capital: Foundation for All Environmental, Social, and Economic Spheres

Natural capital is made up of diverse living creatures and the water, soil, and air that sustain them. These are the foundation sustaining life on earth and conserving them needs to be prioritized ahead of everything else.

Natural Capital's Blessings

The way we live depend on natural capital and the ecosystem services they provide. We thus feel continued wise use of natural resources emanating from natural capital over the long run goes beyond mere environmental conservation. It must extend to putting communities on a solid social foundation to enable sustainable economic development.

Five elements of natural capital



Four categories of ecosystem services

Main Targets Involving Natural Capital in SDGs



Sustainable Development Goals

At a United Nations-sponsored Sustainable Development Summit held in September 2015, a set of sustainable development goals (SDGs) were adopted as a plan of action for people, planet, and prosperity. About 40% of the 17 SDGs and the 169 associated targets set for 2030 to realize sustainable development involve water, climate change, food, forests, the ocean, and other forms of natural capital.

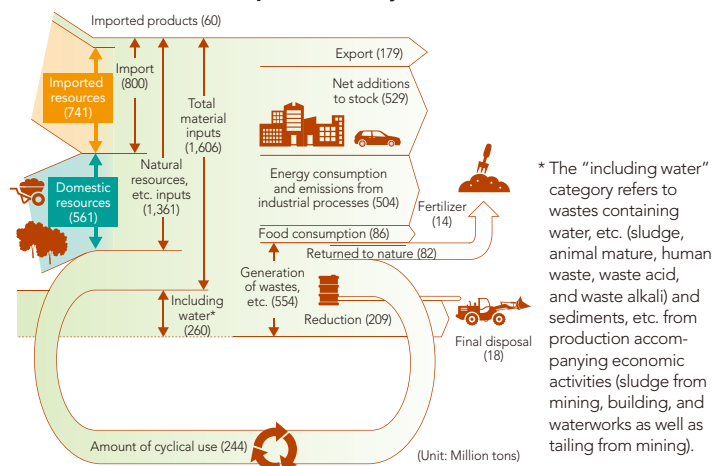
Global Supply Chain: Natural Capital Risks Facing Japan's Economy

Of the total material inputs into Japan's economy, about 50% are imported from overseas. Of natural resources, inputs of domestic origin have declined to about half of total natural resource inputs versus the level ten years earlier, with natural resource imports now at 1.3X the level of those of domestic origin. Japan's reliance on global materials procurement continues to grow larger and larger.

Procurement from overseas comes with hidden risks for corporate management in the form of the size of environmental impacts and natural capital dependence in supply chains.

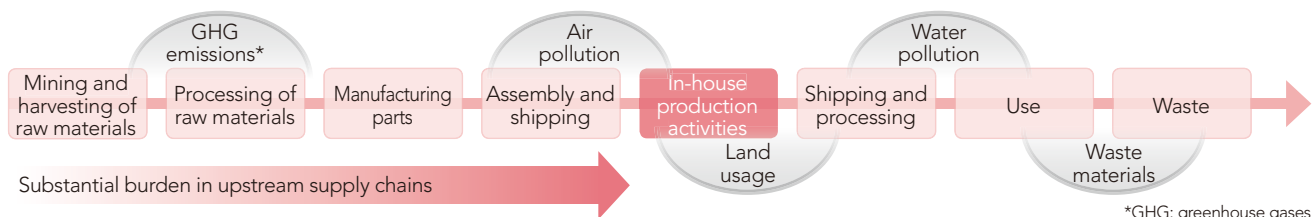
Two important factors for sustainable corporate management are properly identifying the scale of water use, materials use, and CO₂ emissions across supply chains and managing natural capital impacts, especially in the upstream supply chain.

Material Flow in Japan (Fiscal year 2012)



Source: Annual Report on the Environment, Sound Material-Cycle Society, and Biodiversity 2015

Natural Capital Should be Managed Globally



*GHG: greenhouse gases

Ecological Network: Foundation for Japan's Natural Capital

Japan is seen as a country with many natural blessings—clean water, clear air, and abundant greenery. In contrast to this, however, is the reality of run-down farming fields and mountain forest plantations, urban environments without much greenery, and rivers and shorelines paved with concrete.

Rich biodiversity underpins our everyday lives and economic activities. For living creatures to thrive, they need “core areas” and “corridors” that connect these places together. This view informs the concept of “ecological networks.”

Setting aside a wide array of core areas for many kinds of living creatures and linking them with corridors makes it possible to efficiently protect and foster natural flora and fauna.

We believe it is necessary to form ecological networks designed to preserve natural capital with the aim of creating a sustainable society where future generations can continue to enjoy nature's blessings.

Across Japan, from cities and suburbs and woodlands adjacent to them to mountainous regions, the shape and state of sustainability systems in each of these regions differs. We think valuing the impact of regions, cities, and buildings on natural capital, developing management methods, and building ecological networks will enable Japan to address its natural capital problems.



Natural Capital Policy of Sumitomo Mitsui Trust Group

The Natural Capital Declaration

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



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

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

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

Sumitomo Mitsui Trust Holdings Action Guidelines for Preserving Biodiversity

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

Business and Biodiversity Initiative: Activities based on Leadership Declaration

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



Declaration	Status of initiatives during 2014-2015
1. Analyzing corporate activities with regard to their impacts on biological diversity	We continued to provide investment trusts that assess impact on biodiversity and loan products that include impact on natural capital in their assessment criteria.
2. Including the protection of biological diversity within their environmental management system	In our CSR promotion system, we draw up a plan for each fiscal year on efforts related to natural capital and review their performance semiannually.
3. Appointing a person in the company responsible for steering all activities in the biodiversity sector and reporting to the Management Board	The Chief Sustainability Officer in the Corporate Planning Department supervises all activities and reports to the Executive Committee.
4. Defining realistic, measurable objectives that are monitored and adjusted every two to three years	We have set objectives in the CSR Midterm Plan for measures including those related to natural capital, and we review performance at the Executive Committee.
5. Publishing activities and achievements in the biodiversity sector in the company's annual, environmental, and/or corporate social responsibility report	We publish a yearly Natural Capital feature report. We disclose our biodiversity initiatives in our CSR report and at various events.
6. Informing suppliers about the company's biodiversity objectives and integrating suppliers accordingly and step by step	We have banned transactions with manufacturers involved with illegal logging in tropical rain forests, which has a major impact on biodiversity, as well as copier paper containing such materials, and all Group companies have changed their suppliers accordingly.
7. Exploring the potential for cooperation with scientific institutions, nongovernmental organizations (NGOs) and/or governmental institutions with the aim of deepening dialogue and continuously improving the corporate management system vis-à-vis the biodiversity domain	We organize the Natural Capital Study Group, which brings together participants that include companies, national and regional governments, academics, research institutions, and NGOs. We documented and published the results of this research.

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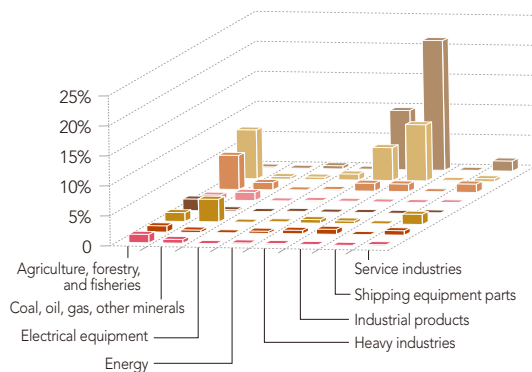
Evaluating Supply Chain Impacts on Natural Capital

Natural Capital Evaluation

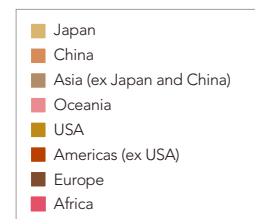
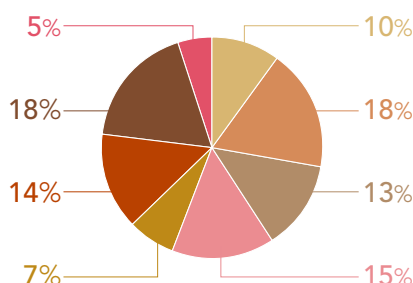
Natural capital evaluation is a service that calculates natural capital dependence arising from corporate activities and estimates the degree of impact for each input item sourced and for each country and region, tracing back through supply chain levels.

Example of output from a Natural Capital Assessment Tool

Breakdown of water usage volume in each region by sector



Ratio of land usage area by region



GHG emissions volume is likewise calculated by sector and region.

Benefits of Natural Capital Evaluation

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

- Can obtain previously hidden risk data related to environmental impacts and the use of resources that are essential to global supply chain management

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

- Can use scope 3 disclosure responses to surveys such as the Carbon Disclosure Project (CDP) and disclosures in integrated corporate reports

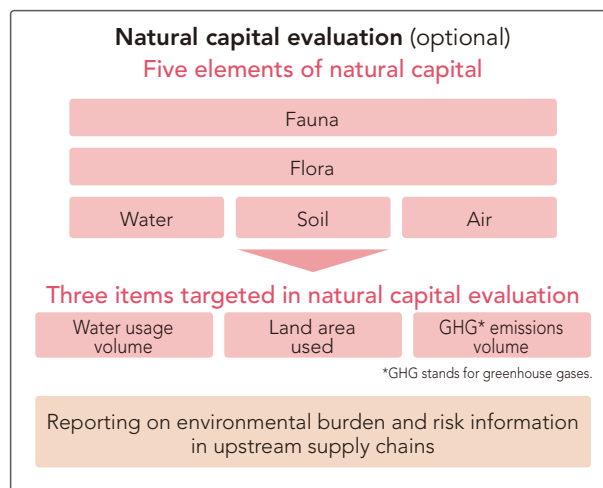
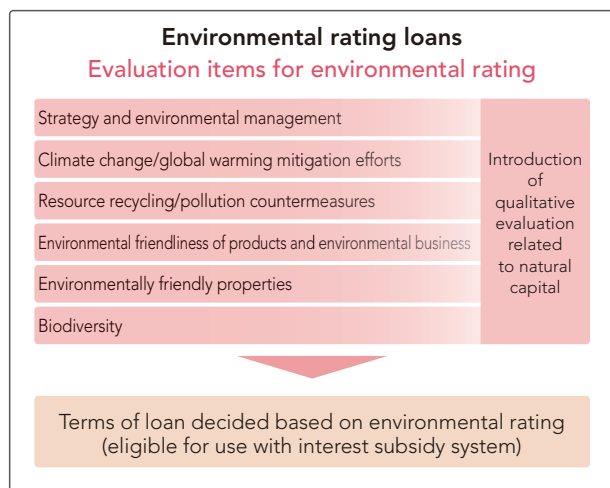
Initiatives in Loans

Environmental Rating Loans with Evaluation of Natural Capital Preservation

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

In April 2013, Sumitomo Mitsui Trust Bank ("SuMi TRUST Bank") launched its Environmental Rating Loans with Evaluation of Natural Capital Preservation, which embed

the concept of evaluating impacts on natural capital and a company's initiatives into the environmental-rating evaluation process that assesses its environmental measures. This is the world's first attempt to incorporate natural capital evaluation into loan criteria, and our efforts have been cited in Japanese government environmental white papers and European Commission reports as an example of leading-edge practice.



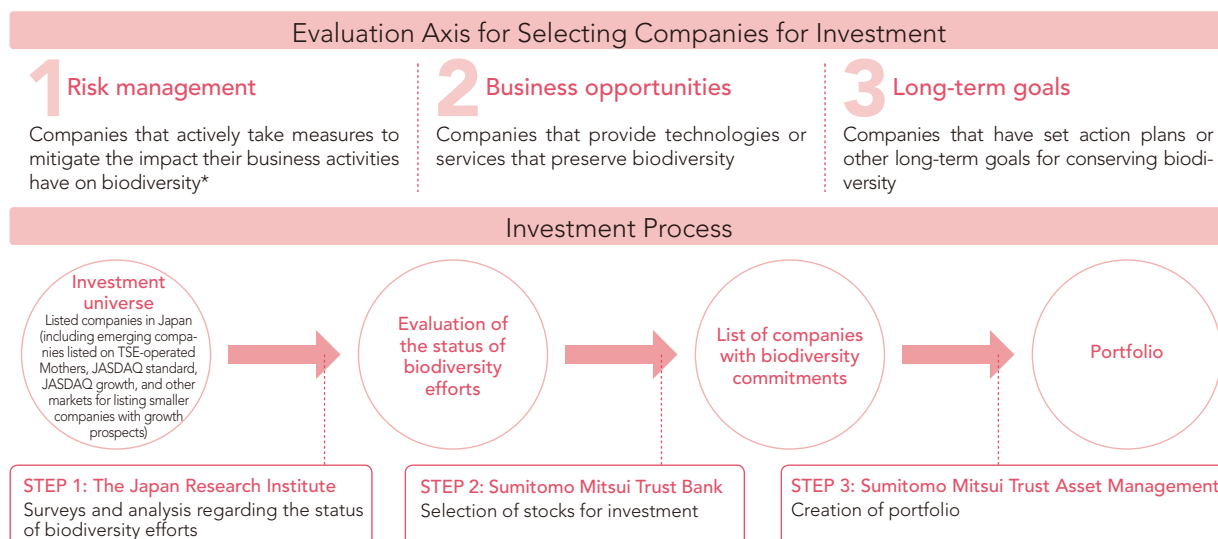
Note: "Optional" refers to ESCHER calculations provided by PwC Sustainability Co., Ltd. that are not available without loan products.

Initiatives in Asset Management (Responsible Investment)

Biodiversity Companies Support Fund

In 2010, SuMi TRUST Group developed the world's first Japanese equity fund that evaluates the status of biodiversity efforts at companies from a global perspective such as sustainable use and conservation of biological diversity, an

important component of natural capital, and uses those evaluations to screen and select stocks for investment. According to our research, no other Japanese equity fund is designed around such a concept.



* An indicator of the magnitude of risk that the Natural Capital Efficiency Index will decrease that acts as a standard for measuring risk preparedness. With a focus on a company's "material balance" reports, the index is calculated based on the relationship between each unit of sales and its energy, water, and waste outputs. In Japan, a company's material balance shows the amount of resources used and the amount of materials with environmental impact that are produced (outputs) in business activities, at sites, and for products, including after-sales collection and recycling (inputs). The stages range from R&D/design, procurement, manufacture, and logistics/sales, to use by purchasers and recovery/recycling.

Property and Natural Capital

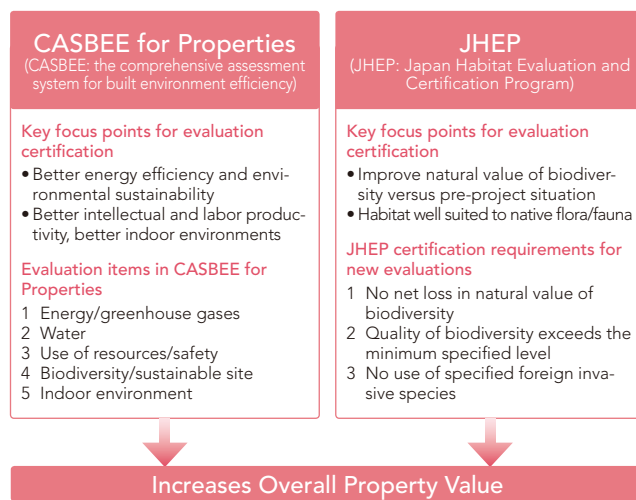
Construction Consulting on How to Foster Biodiversity and Ecosystems

Through the use of CASBEE for Properties^{*1} and JHEP^{*2} together, the environmental performance of properties can be improved across many dimensions, helping to increase overall property value.

At SuMi TRUST Bank, biodiversity considerations are included in our menu of construction consulting services.

^{*1} CASBEE for Properties: The comprehensive assessment system for built environment efficiency (CASBEE) certification is an environmental performance evaluation system for buildings being developed and promoted in Japan under the guidance of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT).

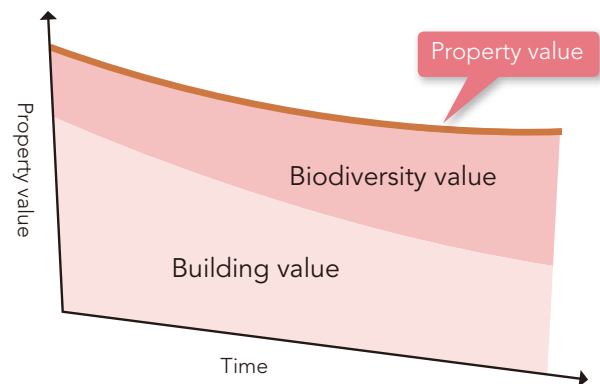
^{*2} JHEP: JHEP is a system developed by the Ecosystem Conservation Society-Japan to quantitatively evaluate and certify efforts to contribute to the conservation and restoration of biodiversity.



A building's environmental performance is evaluated on many dimensions such as energy savings, global warming mitigation measures, biodiversity, durability, and resource efficiency.

The value of buildings declines with age but the biodiversity value increases every year as the ecosystem surrounding it forms. These offsetting lifecycle patterns can maintain the combined value of the building and site together as a whole. Ecological networks can be created through the connection of local sustainable-use sites, neighboring buildings and green nature reserves.

Change in property value with age (image)



Dissemination of Information on Natural Capital

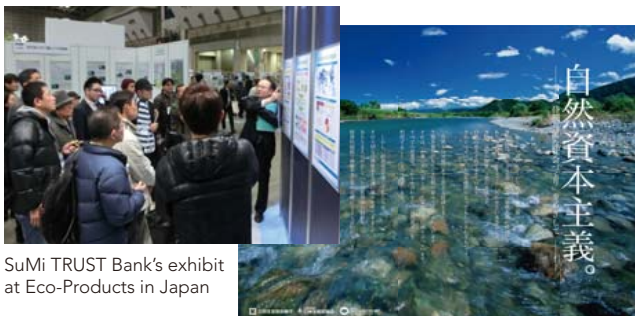
Eco-Products in Japan Exhibition

Held annually in December at Tokyo Big Sight, "Eco-Products in Japan" is one of the nation's largest environment-related events.

SuMi TRUST Bank's booth had been focused on biodiversity from 2007, but its exhibit theme since 2012 has been natural capital. Its exhibit introduces visitors to how it is embedding natural capital into investment and loan products and real estate initiatives as well as its support for activities of the National Trusts. Its natural capital booth has been well received by many companies and organizations.

Natural Capital Study Group

The Natural Capital Study Group commenced in April 2013, chaired by Masaru Yarime, a Project Associate Professor in the Science, Technology, and Innovation Governance Program at Tokyo University's Graduate School of Public Policy. Its participants come from all walks of life, ranging from companies and national and local governments to academics, research institutions, and NGOs. In an environment welcoming to open inquiry, participants have so far engaged in a series of lively debates on the research topics of various members. The content of these debates have been shared with external stakeholders via symposiums, environment-themed exhibits, and the like. In August 2015, the key points and findings of these discussions were organized, documented, and published as an introductory book on natural capital. With a focus on the challenges for national governments, local authorities, and companies, the book covers a wide range of themes, ranging from the historical context and global trends informing the growing debate on natural capital to the initiatives of financial institutions, companies, and local authorities in applying natural capital concepts.



SuMi TRUST Bank's exhibit at Eco-Products in Japan

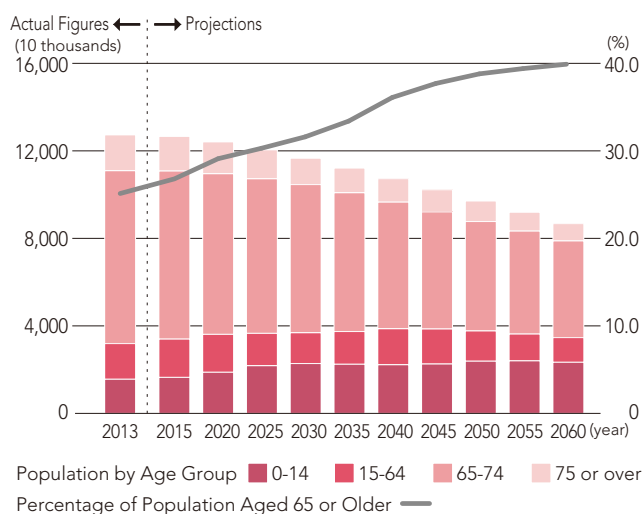




Addressing the Issues of a Super-Aging Society by Using Our Financial Functions

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

Trend in Aging Population and its Projection



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

Support for Successful Aging

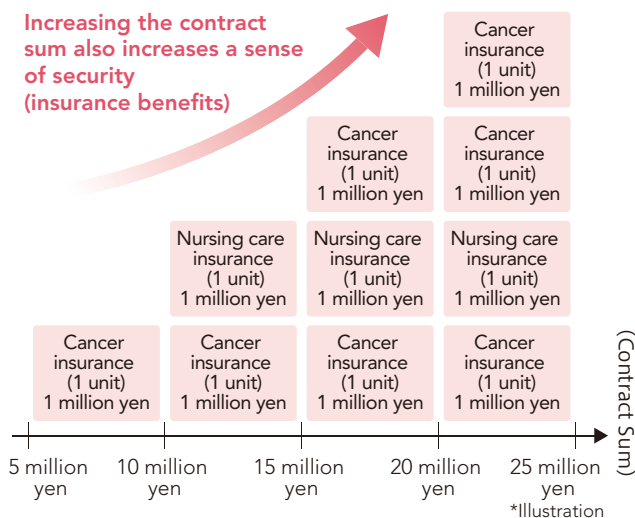
1 Effective Use of Assets for Security and Peace of Mind in Old Age

Wrap Accounts/Life Reassurance Package

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

Mechanism of Life Reassurance Package

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



Foreign Currency Revolution Reassurance Package

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

Customers eligible for this service are people aged 40 to 65 who apply for the Foreign Currency Revolution (deposit period: 1 year, automatic renewal). For each 3 million yen tranche of deposits deposited by customers, 500,000 yen will be paid to them if they have been hospitalized with cancer for a total of 31 days or more or if they are recognized as requiring Level 2 or a higher level of long-term nursing care. As long as the Foreign Currency Revolution contract remains in effect, the insurance coverage remains valid without a need for the customers to pay insurance premiums (the insurance premium cost will be borne by SuMi TRUST Bank).

Reverse Mortgages

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

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

Relocation and Renovation

Renovation Loans

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

Bridge Loans for Sales of Real Estate

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

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

2 Helping People to Manage Their Post-Retirement Assets Safely

Anshin Support Trust (Money Trust)

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

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

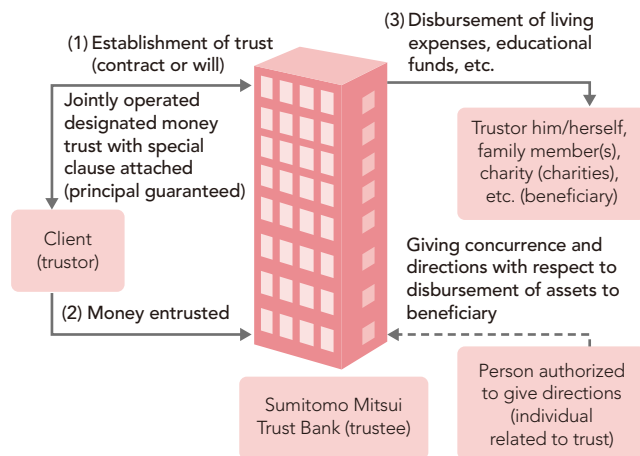
kinship, etc.) must consent to a request by the contracting party for a payment from deposited funds before the payout can be executed. For everyday living expenses, the contracting party can withdraw up to 200,000 yen per month periodically even without the consent of the co-signer.

Through a structure that requires the consent of a family member, the product offers preventative security against financial crime and protects the precious assets and family members of our clients.

Guardianship System Support Trust

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

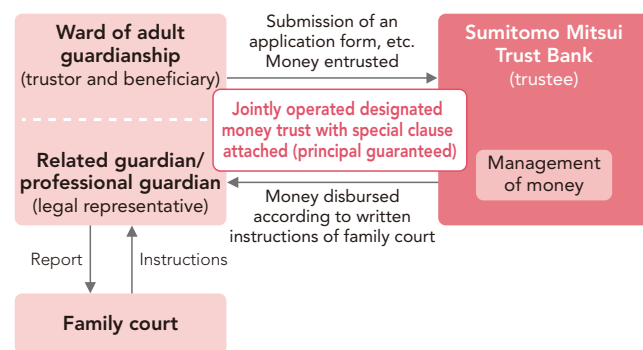
Mechanism of Money Trust



Security Trust

In view of the growing sophistication of financial crime, SuMi TRUST Bank commenced offering a Security Trust, a new product for protecting client assets, in September 2015. This product is structured so pre-designated a co-signer (a relative as far removed as the third degree of

Guardianship System Support Trust

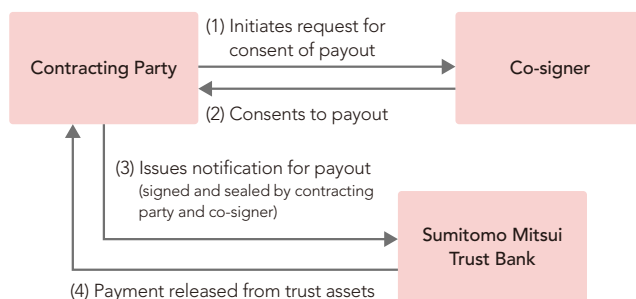


Consultations and Inquiries related to Adult Guardianship System

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

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

Steps in Requesting Payout

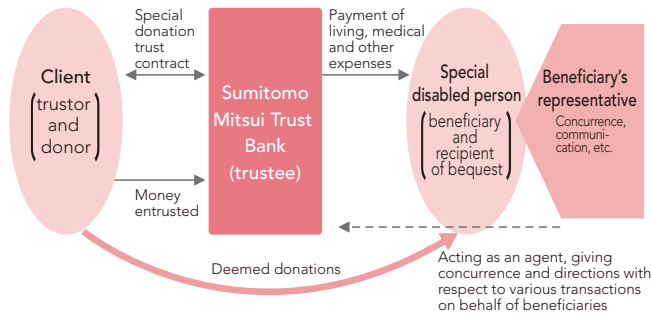


3 Helping with Lifestyles of Family and Relatives

Special Donation Trust

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

Structure of Special Donation Trusts



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

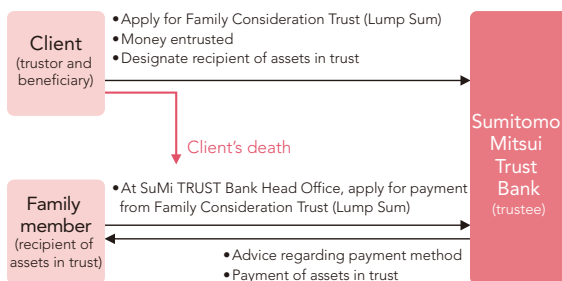
Anshin Support Trust (Life Insurance Trust)

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

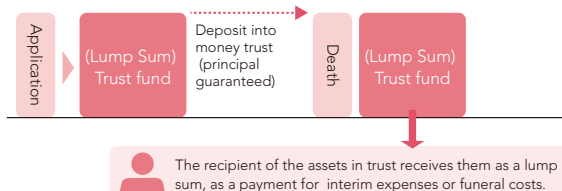
Family Consideration Trust (Lump Sum)

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

Family Consideration Trust (Lump Sum)



The recipient of the assets in trust receives them as a lump sum.



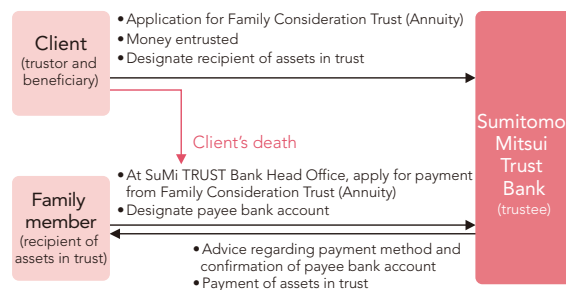
Illustration

Family Consideration Trust (Annuity)

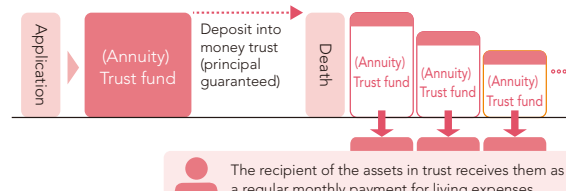
This product ensures a regular payment from the deposited assets in trust, offering bereaved family members a sense of security in their daily lives after the client's death.

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

Family Consideration Trust (Annuity)



The recipient of the assets in trust receives them as a regular payment.



Illustration

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

Helping Still-Living Clients to Give to the Next Generation

Annual Donation Support Trust

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

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

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

Funds deposited with SuMi TRUST Bank as tuition funds for a grandchild, etc. via this product are paid out as tuition

funds by SuMi TRUST Bank when a request for payment is received from the grandchild, etc. If payment is made to a school or other educational institution, an exemption from gift tax will be provided, up to a maximum of ¥15 million per grandchild, etc.

Wedding and Child-Rearing Support Trust

The wedding and child-rearing trust is based on a tax exemption from the gift tax for lump-sum donations to cover funds for a wedding or raising a child. Through this tax system preference created in the 2015 amendment to the tax system, up to 10 million yen can be given as a tax-free lump-sum donation for wedding or child-rearing purposes to a child or grandchild who is at least age 20 up until he or she turns age 50. As disbursements are made from a “money trust” that requires receipts confirming payments for wedding or child-rearing purposes, this product can clearly be the answer for donors who want their gifts to be used for marriage or child-rearing purposes.

029

Helping with Smooth Planning for Inheritances

Estate Planning

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

Will Trusts

SuMi TRUST Bank offers a will trust service to support the succession to the next generation of various assets, including deposits, securities, and real estate, in accordance with the client’s wishes. There are two following courses for Will Trusts:

Execution Course: SuMi TRUST Bank holds wills under its custody and undertakes their execution when the inheritance process starts.

Custody Course: SuMi TRUST Bank holds wills under its custody and hands them over to the heirs when the inheritance process starts.

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

One-Stop Inheritance Service

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

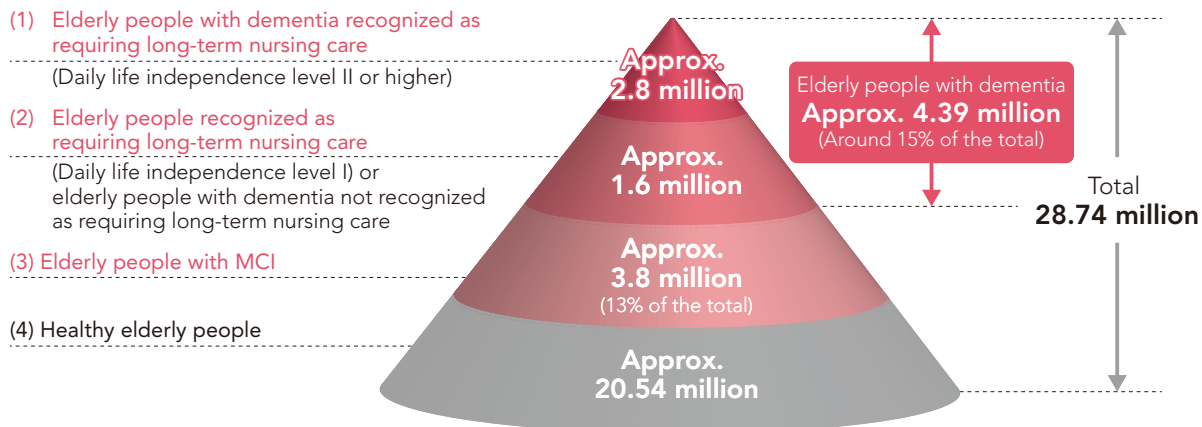
- Confirmation of the legal heirs
- Investigation and identification of inherited property
- Advice in discussions concerning the division of the estate
- Change of name on savings and securities and/or their conversion into cash (we will carry out the procedures prescribed by each financial institution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

5 Dealing with Dementia-Related Problems

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

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

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



Source: Ministry of Health, Labour and Welfare

Participation in Industry-Academia Partnership concerning Dementia

Led by the Kyoto Prefectural University of Medicine, the COLTEM project for "a development center of social technologies integrating law, engineering and medicine that seamlessly support community life for the elderly from the period of sound health to the onset of dementia" is subsidized by the Ministry of Education, Culture, Sports, Science and Technology. SuMi TRUST Bank belongs to the financial satellite team under this project and is a collaborator in the effort to create a manual for financial institutions for responding to people with dementia. Premised on the supposition that the client is a person with dementia, the satellite team has solicited a wide variety of viewpoints on how this premise would affect face-to-face sales with dementia sufferers and product development.

SuMi TRUST Bank was the lead sponsor of a symposium on the themes of finance and dementia held on October 16, 2015

in collaboration with COLTEM and Principles for Financial Action in the 21st Century (see Page 128), for which the Group serves as chair of the steering committee.

The debate at the symposium



Themes

- For a society where the elderly can live with peace of mind: A legal perspective
- Financial business practices for elderly clients: A medical perspective
- What financial institutions seek: A social welfare perspective
- Financial transactions and legal guardianship system for adults: A lawyer's perspective

on how the financial industry should respond to the deepening problem of dementia in an aging society was broad and multi-dimensional. Widening the record of debate proceedings on this issue to signatories of the Principles for Financial Action in the 21st Century has raised important questions for the financial industry.

Workshop on Becoming a Supporter for People with Dementia

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

Participant at a Dementia Symposium in Kagoshima

At a Shigakukan University-sponsored symposium in Kagoshima Prefecture in July 2015 on "People with Dementia, and Future Society Creation," SuMi TRUST Bank discussed in an integrated manner how the appropriateness principle, the legal guardian system for adults, etc. are relevant to the issue of "asset administration for elderly people with dementia," raising questions on how the industry should respond on this front.

6 Collaborating with Diverse Stakeholders

Participants in Comprehensive Regional Care

Comprehensive regional care is a necessary support system to enable the elderly to continue to live in ways that suit them in the place they are most comfortable until they reach their final days. We think SuMi TRUST Bank can play an important role as a financial institution that shoulders a responsibility for managing elderly client assets. Some branches have commenced trial initiatives on this theme.

The Omori Branch is a participant in Ota Ward's progressive network to look out for elderly citizens, a scheme the comprehensive regional care support center is promoting. The branch participates in the urban-based comprehensive regional care system that collaborates with diverse stakeholders.

In close collaboration with local communities that work closely with nearby Higashi Saitama General Hospital, the Sugito Branch is actively cooperating with promotion of the area's comprehensive regional care system. At a seminar on feeling secure living as a senior the branch sponsored, we invited the promotion office of an in-home medical care coordinating enterprise to speak on the topic of the nursing care and medical systems that support healthy living (see Page 114).



Silver College Seminars

Many seniors hope to live out their golden years safely with peace of mind. SuMi TRUST Bank offers Silver College seminars especially for this generation of seniors at our branches across Japan. There are three system or function concepts seen as necessary for an aging society: assistance (medical and nursing care), mutual aid (giving and receiving help), and self-help where people protect

themselves. One form of self-help is preparation, but there are not many places where people can learn systematically what specifically they should do to be prepared for an aging society. Silver College is a place where our clients can learn how to be prepared from some of the best instructors.

The Silver College seminar curriculum organizes the issues facing an aging society into four categories.

Category 1: A Safe, Secure Post-Retirement Lifestyle

- What is a longevity diet?
- Be prepared for remittance fraud
- From a focus on growth to safety in asset management

Category 2: Residence Options for Old Age

- Thinking about residence variations
- Growing old at home
- Relocating to a residence for the elderly

Category 3: Thinking about Dementia

- Properly understanding dementia, ensuring a sense of security
- Effective use of the legal guardianship system for seniors
- Using trusts for dementia response

Category 4: A Departure You'll Be Happy with

- How to face your final days in a manner of your choosing
- Asset succession for future generations (wills, inheritances)

The curriculum for Silver College seminars at our provincial branches takes into account regional characteristics. The Tottori Branch, for example, has developed its own curriculum around the themes of safety and peace of mind: "Anti-crime measures for seniors exposed to crime," "How to use gas safely," and "The status of regional support and public administrative government services for seniors." Many clients who attended were supportive of the seminars. One told us "I was so impressed with Sumitomo Mitsui Trust Bank delivering a message to our region about how to live better, fuller lives."

A Departure You'll Be Happy with

Japan will be the first population in history to achieve average life expectancies of 90 years and even 100 years. There is no model for how people should interact when old age can last for more than thirty years.

What is necessary to stay in good health? How, where and with who will we live? And how will we come to terms with old age? It will be necessary for us to learn anew how these issues affect each of us.

In particular, it is necessary to work through many kinds of information, think about the implications, and decide what to do so we can live in ways that feel right to us until we die a natural death while coming to terms with disease, the biggest risk for seniors.

What do we need to do to live out our final days with peace of mind and in accordance with our convictions?

I hope we can think through these questions together.



International Longevity Center
Japan (ILC-Japan)
Secretary General
Yoko Shido

7 Increasing Literacy concerning Gerontology

Wellbeing Knowledge Examination

Japan is becoming a super-aging society without parallel elsewhere in the world. No country needs gerontology, an interdisciplinary field on topics relating to aging, as much as Japan. At SuMi TRUST Bank, our branch general managers, which often interact with customers at our branch offices, are setting an example and studying gerontology, and all of them have or will take the Wellbeing Knowledge Exam, which is run by the Society for Applied Gerontology-Japan. Students of gerontology study a wide assortment of subjects relating to seniors, how seniors live, health, successful aging, nursing-care insurance, and pension systems. Our aim at SuMi TRUST Bank is to encourage even more of our employees to study gerontology so we can become a bank that is genuinely necessary for a super-aging society.

Partnership with ILC-Japan

As a member of the Advisory Board of ILC-Japan, the Japanese branch of the International Longevity Center, an international alliance of organizations focused on gerontology, SuMi TRUST Bank participates in a group sponsored by ILC-Japan called Seminars on the Lifestyles of Long-Lived Societies. We work with ILC-Japan on many issues, and a mini-handbook we jointly published called "The Healthy Centenarian's Encyclopedia" contains information about our Silver College seminars (see Page 31) and information on aging societies.



Growing Necessity of Gerontology

Many countries are on the verge of becoming aging societies to a degree experienced nowhere else in human history. We will no longer be able to venture forth relying solely on learning from an existing academic discipline and the experiences of those who came before us. In anticipation of just such an aging society, the field of gerontology first developed around the turn of the 20th century. Gerontology translates into Japanese as "Ronengaku." It is a multidisciplinary practice that integrates many fields that have splintered into separate silos and narrow communities, a pattern that goes back to the Renaissance.

Gerontology asks how people change as they age. Its aim is to scientifically examine the kinds of problems—emotional, physical, economic, etc.—people face as they reach middle and old age. It also seeks understanding on growing older and the problems of an aging society from the arts and humanities such as philosophy, religion, literature, etc. One sub-field in gerontology is its application to senior businesses such as developing products, services and markets for seniors. Applied gerontology also encompasses life-long learning and our attitudes toward death and dying (thanatology, e.g. end-of-life studies).

For those thinking of policies or management in an aging society, for those aiming to build a senior-friendly business, for those involved with education in schools and lifelong learning, gerontology is a necessity in the society that awaits us in the 21st century. The insights gerontology offers are vital for those active in volunteer activities and for those who interact with elderly relatives and friends at home.

I would encourage people at SuMi TRUST Bank who have or will soon start studying to become a wellbeing concierge with a mastery of core gerontology subjects to work hard and pass the certification exams.



Society for Applied Gerontology-Japan
President

Hiroshi Shibata

(Professor Emeritus at J.F. Oberlin University)

8 Property Business Incorporating Facilities Supporting Super-Aging Society

Developing Finance for Investment Trusts Focused on Health Care

Amid growing needs for a stepped-up supply of health care facilities such as nursing-care and medical facilities as the country becomes a super-aging society, there are growing expectations J-REITs will be a supplier of stable, long-term funding. Against this backdrop, SuMi TRUST Bank has started to develop loans for health care REITs, which focus on investment in health care facilities such as

for-profit nursing homes, residences for the elderly with care services, medical malls, etc. Health care REITs use loan proceeds for health care facility acquisitions and various related costs.

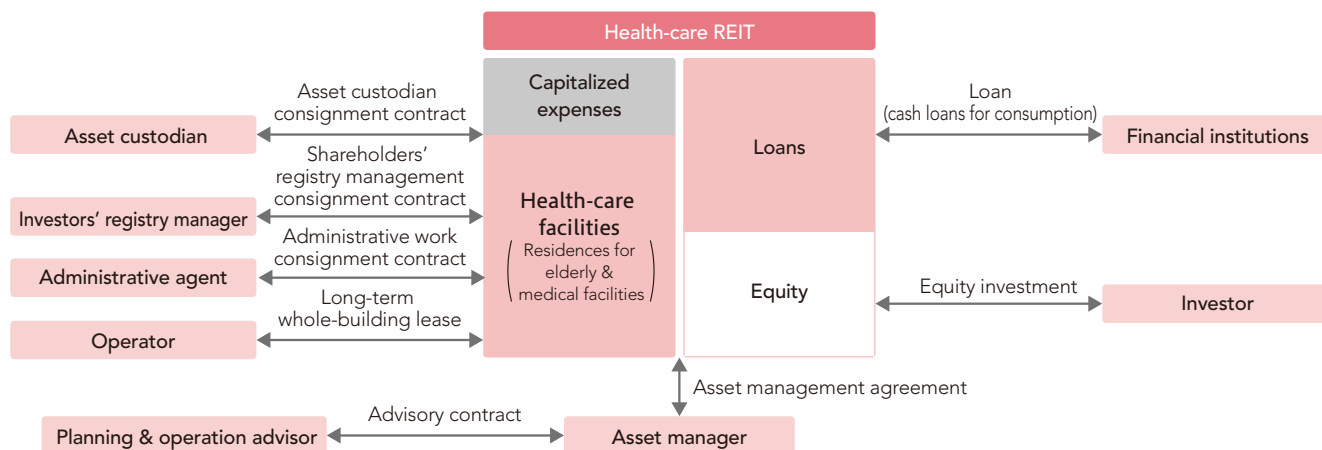
The addition of another investment category is expected to offer diversification benefits for investors, so the listing of health care REITs is expected to attract funds for investment

into health care facilities. The health care REITs are also expected to have secondary benefits such as encouraging quality improvements in operators of health care facilities.

SuMi TRUST Bank has implemented two loan packages for health care REITs, and as of July 2015, including these, the number of loan-financed facilities stands at 30. There is

strong demand for housing for the elderly in cities designated by government ordinance and surrounding communities, especially in and around Japan's three largest urban centers, and we think contributing to the healthy formation of an aging society from the vantage point of funding supply is our social responsibility as a financial institution.

Flowchart of a Health-Care REIT



Securitization Business for Healthcare Facilities

SuMi TRUST Bank is actively engaging in the securitization business related to real estate investment trusts (REITs) and privately placed funds incorporating healthcare facilities such as for-profit nursing homes, residences for the elderly with care services and hospitals. As of November 2015, entrusted balance of assets at SuMi TRUST Bank came to 96 billion yen, including a total of 52 facilities.

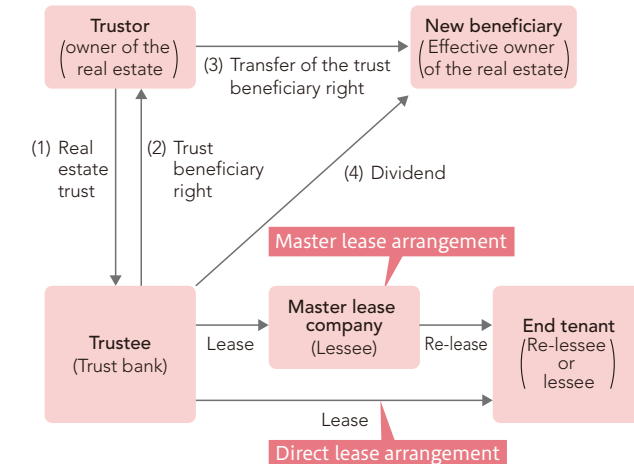
In the securitization business related to REITs and privately placed funds, SuMi TRUST Bank uses the scheme of a real estate administration and disposal trust. The real estate administration and disposal trust business refers to transfer of real estate ownership from the trustor (real estate owner) to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

As the pioneer of the real estate trust business, SuMi TRUST Bank has so far been involved in a number of innovative cases using real estate administration and disposal trusts. In the real estate securitization business as well, SuMi TRUST Bank has a record of managing numerous trusts and handling a wide range of real estate assets, including offices, houses, hotels, and distribution and commercial facilities. SuMi TRUST Bank has the largest amount of entrusted real estate assets among Japanese trust banks at about 12.5 trillion yen as of November 2015.

Moreover, in addition to engaging in the real estate securitization business, SuMi TRUST Bank is also REIT-related asset

custodian and general administrative work agent. Healthcare & Medical Investment Corporation (SuMi TRUST Bank entrustment), established in December 2014, provides various support services in cooperation with customers.

Outline of the Real Estate Administration and Disposal Trusts



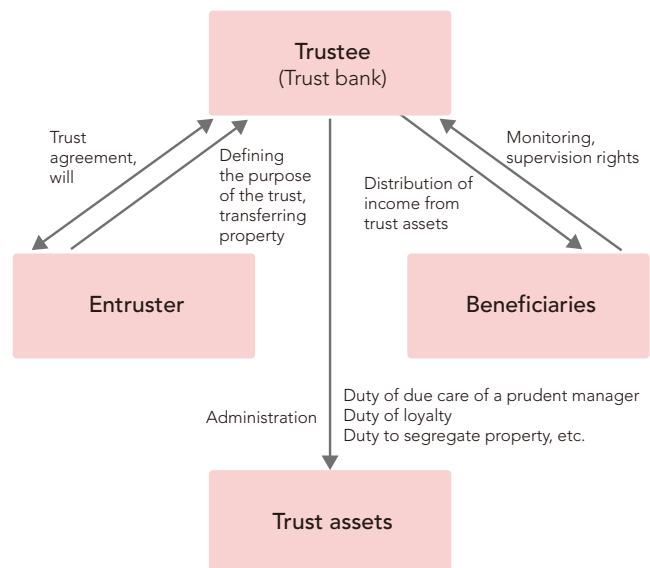
- (1) The trustor (owner of the real estate) entrusts the real estate to the trustee (trust bank) (The ownership of the real estate is transferred from the trustor to the trustee).
- (2) The trustor acquires the trust beneficiary right in exchange, becoming the initial beneficiary.
- (3) The trustor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



Various Solutions Using Trust Functions

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

Trust Mechanism



(Source: Trust Companies Association of Japan)

Mechanism of Using Donations and Other Funds to Solve Social Issues

Charitable Trusts

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

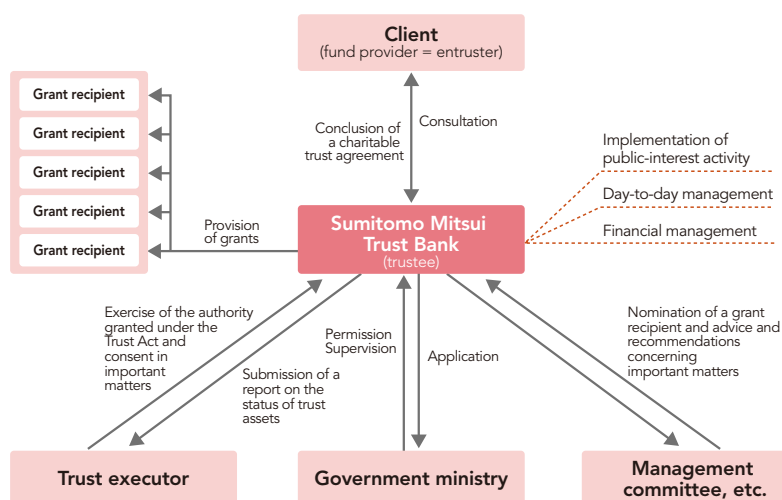
Charitable trusts are often named for the trustor, so his or her aspirations can be remembered for years to come by many people. Moreover, to ensure the public interest is served in accordance with the client's intentions, a charitable trust can be "order made" to fit the client's instructions.

What public interest is it to serve and what sort of granting process will it implement? The trust can be arranged to reflect the client's instructions on the monetary size of the grants (scholarships), the number, the regional scope, or the terms of eligibility.

Since Sumitomo Mitsui Trust Bank ("SuMi TRUST Bank") began managing its first charitable trust in 1977, the number of trusts under its management has steadily risen, and they fund grants in various charitable fields.

As of March 2015, there are 203 charitable trusts with total assets of 33.5 billion yen under our management. In fiscal year 2014, grants from charitable trust totaling 1.3 billion yen were provided to 3,050 bodies in total (including individuals) for activities that serve the public interest.

Mechanism of Charitable Trusts



List of Charitable Trusts by Donation Type (as of March 2015)

Type	Number of trusts under management
Scholarship	73
Promotion of natural science research	38
Promotion of human science research	5
Promotion of education	22
Social welfare	10
Promotion of arts and culture	10
Protection and propagation of animals and plants	1
Conservation of the natural environment	8
Development and maintenance of the urban environment	17
Promotion of international cooperation and exchanges	14
Other	5
Total	203

Charitable Trust: Ohba Town Development Fund

The Ohba Town Development Fund was established on September 11, 2015 with the authorization of Miyagi Prefecture to support post-disaster rebuilding in the prefecture by trustor Ohba Co., Ltd. Through assistance to individuals and organizations actively working on town redevelopment in Miyagi Prefecture, the fund aims to spur town redevelopment led by residents, sustain communities, and foster vibrant, rich local cultures.

In commemoration of its listing on the Tokyo Stock Exchange first section, Ohba established the fund in part as a way of giving back to Miyagi Prefecture, where it set up a branch office long ago to conduct business as a member of the local community.

Miyagi Prefecture is thankful for the timely establishment of the fund at a juncture four and half years removed from the earthquake and tsunami, because it expects the private sector to play a growing role in its reconstruction efforts.

Social Contribution Donation Trust

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

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

List of Donation Recipients (as of April 1, 2015)

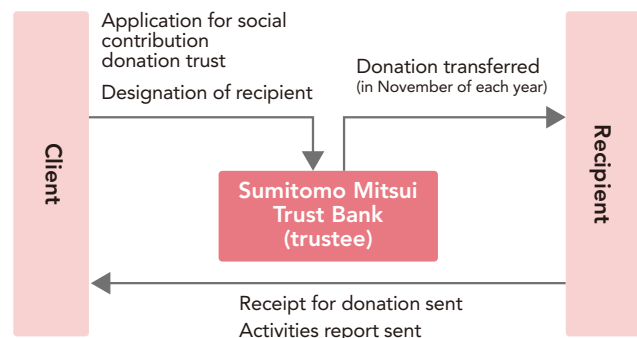
Environment	World Wide Fund for Nature Japan (WWF Japan)
Environment	Ecosystem Conservation Society-Japan
Education	National Federation of UNESCO Associations in Japan
Medicine	Japan Cancer Society
Social welfare	Japan Guide Dog Association
International medical support	Médecins Sans Frontières Japan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

Designated Donation Trusts

SuMi TRUST Bank offers designated donation trusts, which were created based on the fiscal year 2011 revision to the tax system. Investment returns are exempt from taxation and can be donated together with the trust principle. Donation



Mechanism of Social Contribution Donation Trusts



Choosing ECS-J as a Donation Recipient Supports National Trusts' Activities

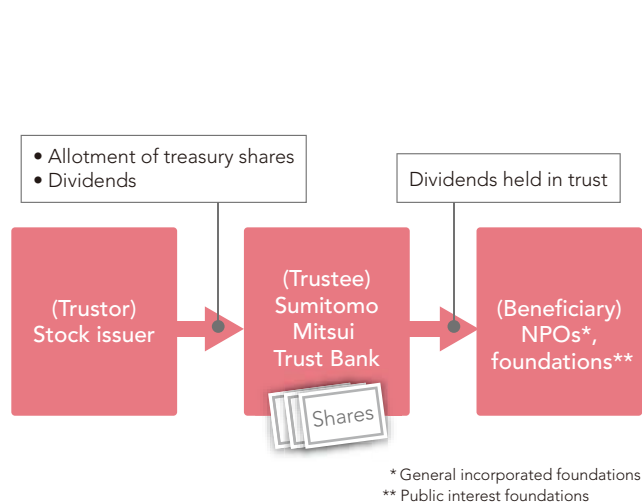
For social contribution donation trusts, the selection of Ecosystem Conservation Society-Japan (ECS-J) as a donation recipient supports the activities of the Association of National Trusts in Japan, an organization that aims to protect nature by purchasing land that forms the natural habitat of endangered species in Japan. Support has been ongoing in particular in three regions for National Trusts' activities: habitat for the endangered Tsushima leopard cat in Nagasaki Prefecture's Tsushima, habitat for the endangered Amami rabbit in Kagoshima Prefecture's Amami Oshima, and the site of Japan's northern-most native beech forest in the Hokkaido region's Kuromatsunai-cho.



Social Contribution Scheme Using Treasury Shares

SuMi TRUST Bank offers trust schemes for companies to donate dividend income from their treasury holdings to public interest foundations etc. as a way to contribute to society. The voting rights with treasury shares placed in such trusts reside with SuMi TRUST Bank.

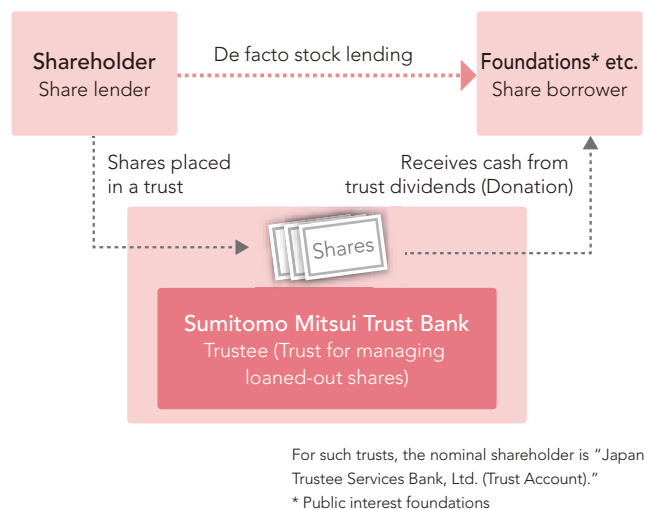
In fiscal year 2014, SuMi TRUST Bank, in conjunction with Toyota Motor Corp. (trustor) and Toyota Mobility Foundation (beneficiary), commenced initiatives using this scheme. In this case, the dividend income is used for many issues, from narrowing the mobility disparity in emerging nations and activities to promote healthy development of the auto industry to funding cutting-edge technological and systems research in developed markets.



Trusts for Managing Loaned-Out Shares

SuMi TRUST Bank offers trusts for managing loaned-out shares so shareholders can donate dividend income tax free to public interest foundations etc. Using this trust, shareholders lend shares without compensation to NPOs etc. in a scheme that enables them to offer ongoing support to the designated stock borrower in the form of tax-free dividend income from the shares.

In fiscal year 2014, SuMi TRUST Bank commenced efforts to encourage interested parties to set up such trusts with the Center for iPS Cell Research and Application at Kyoto University as the designated stock borrower.



Center for iPS Cell Research and Application at Kyoto University

The Center for iPS Cell Research and Application (CiRA) at Kyoto University is a world-leading core research institution specializing in iPS cell research. Led by Director Shinya Yamanaka, the 2012 Nobel Prize winner in Physiology or Medicine, the center aims to harness iPS cell technologies to develop more effective medical treatments for patients hoping for them.

iPS cell technologies are a breakthrough technology developed in Japan with the potential to create better medical treatments for intractable diseases like Parkinson's disease, hard-to-diagnosis diseases like amyotrophic lateral sclerosis (ALS), blood diseases, diabetes, and those suffering from painful injuries. CiRA pursues its research activities with the aim of accelerating the realization of medical treatments derived from iPS cell applications.

A U.S. research center linked to Professor Yamanaka has received many donations from individuals and corporations, and such donations provide a solid financial basis for research centers, Dr. Yamanaka argues. We agree with this and have set up "trusts for managing loaned-out shares" and "social contribution donation trusts" as sources of support for CiRA. In connection with our support for the above, we invited CiRA's Takehiro Matsuda to be a speaker at the successful aging support seminar we hosted at the Kyoto-Shijo Branch in August 2015. Everyone gathered for the seminar listened eagerly to his lecture on research using iPS cells and the promise of regenerative medicine.



Human iPS cells

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

Stock Transfer Agency Services

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

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

IR/SR* Consulting Services

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

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

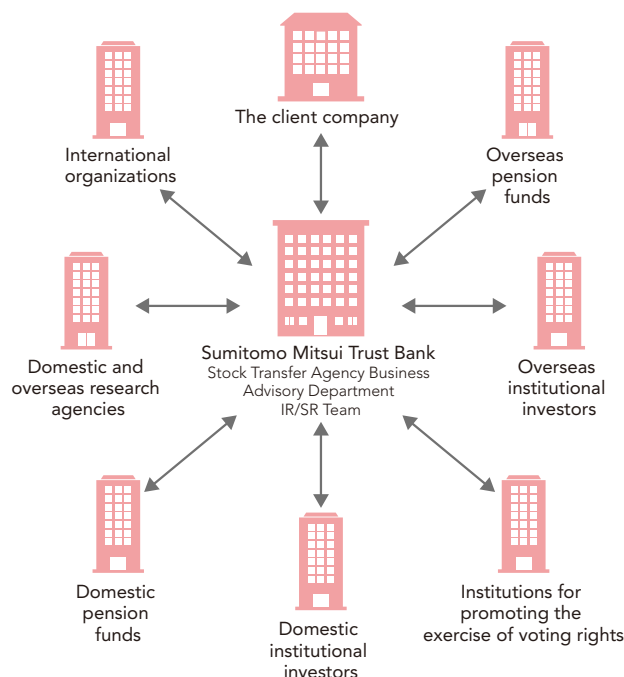
Investor relations (IR) refers to public relations activities that target investors, specifically the full range of activities by which corporations provide to shareholders and investors the information they need to make investment decisions in a timely, fair, and ongoing manner. Shareholder relations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

ESG Consulting Services

Among institutional investors mostly in Europe that invest on a medium-to-long term horizon, ESG has become increasingly prominent. SuMi TRUST Bank appeals to stock issuers on the importance of IR/SR/CSR activities in view of the aforementioned trend, and we are developing our ESG solution services in support of broadening our ties with medium-to-long term investors, especially those based overseas, and of seeking to win their trust (see Page 42).



Creation of an Extensive Network of Contacts and a Hotline



Main Offerings in IR/SR Consulting

Domestic beneficial shareholder survey

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

Foreign beneficial shareholder survey

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

Individual shareholder analysis

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

Analysis for exercise of voting rights

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

Focus Club (for members)

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

Social Contribution as Business Activities

Mortgage Security Service against Severe and Chronic Diseases

"The severe major diseases" (cancer, acute myocardial infarction, stroke) and "the five serious chronic diseases" (high blood pressure, diabetes, chronic kidney failure, cirrhosis of the liver, chronic pancreatitis) are what we call "the eight major diseases." The number of people affected by these ailments in Japan is growing as the population ages. For cases where clients with unpaid principle on their home mortgage are diagnosed with one of the eight major diseases, SuMi TRUST Bank offers a guarantee service for the remainder of their home mortgage.

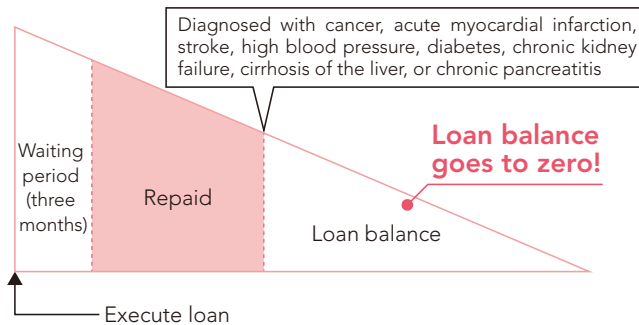
The guarantee service comes with three forms of coverage: one against the eight major diseases, one against the

three severe diseases, and the cancer guarantee. Home mortgage borrowers who are at least age 20 and up to age 45, and those who are age 46 up to age 55 are eligible to select the guarantee option that suits their needs.

These options are the "full-benefit type" that eliminates the loan balance in the event they are diagnosed, and the "half-benefit type" that reduces the loan balance to half. For those clients who are at least age 20 and up to age 45 who select guarantees against either the eight major diseases or the three severe diseases, their guarantee comes with a lump-sum payment in the event they are hospitalized for diseases or injuries not named in their guarantee, i.e., "triple hospitalization security."

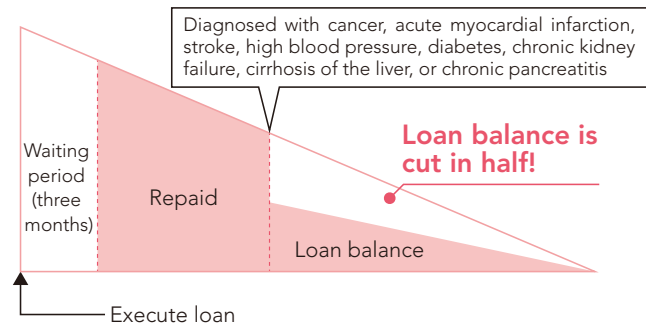
Full benefit type

Eliminates the loan balance



Half benefit type

Reduces the loan balance to half



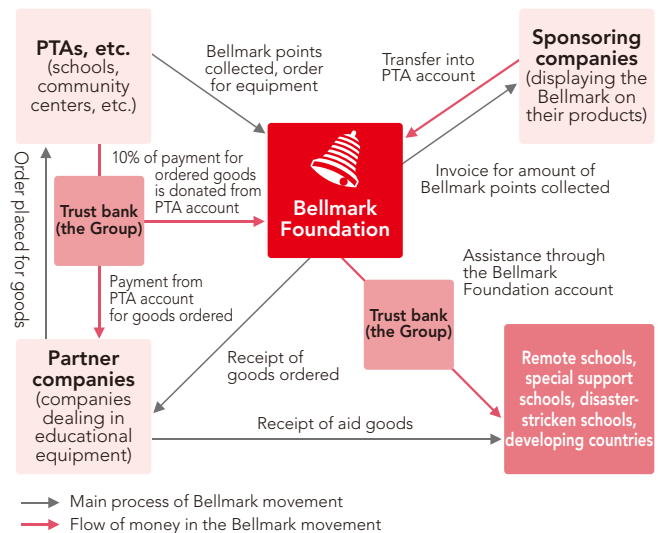
Support for the Bellmark Movement

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

We now administer a total of 27,715 parent teacher association (PTA) accounts nationwide (as of the end of September 2015) and take care of tasks such as handling payments from sponsor companies to PTAs, and transferring assistance funds from partner companies to the Bellmark Educational Support Foundation. In addition, we look after financial aid transfers to regions affected by disasters and adversities (friendship assistance).

When schools purchase equipment through the Bellmark movement, 10% of the purchase price is donated to the Bellmark Foundation, to be used as financial aid for schools, including those in remote areas and those damaged in disasters, as well as schools in developing countries. SuMi TRUST Bank continues to support the Bellmark project as a social contribution that is part of our business.

Our Role in the Bellmark Movement



Initiatives to Facilitate Financing

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

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

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

head office to fully grasp the branch office support activities. The bank also responds to clients' requests for consultation and complaints through a toll-free telephone number as well as at branch offices.

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

Number of Loan Claims which Requested Restructuring of Loan Conditions, etc. (In the case of SMEs)

(Unit: case)

	End of June 2013	End of September 2013	End of December 2013	End of March 2014	End of June 2014	End of September 2014	End of December 2014	End of March 2015
Number of loan claims for which restructuring of loan conditions, etc. was requested	3,351	3,537	3,676	3,835	3,950	4,086	4,173	4,265
Of which, number of loan claims regarding implementation	3,088	3,248	3,397	3,539	3,659	3,772	3,863	3,956
Of which, number of loan claims regarding refusal	46	59	63	64	73	73	74	78
Of which, number of loan claims under examination	68	58	34	43	23	41	32	17
Of which, number of loan claims regarding withdrawal	149	172	182	189	195	200	204	214

* As of the end of March 2015, the figures include claims regarding trust accounts as follows.

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

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

Number of Loan Claims which Requested Restructuring of Loan Conditions, etc. (In the case of housing loan clients)

(Unit: case)

	End of June 2013	End of September 2013	End of December 2013	End of March 2014	End of June 2014	End of September 2014	End of December 2014	End of March 2015
Number of loan claims for which restructuring of loan conditions, etc. was requested	3,644	3,822	4,010	4,191	4,370	4,557	4,720	4,881
Of which, number of loan claims regarding implementation	3,012	3,154	3,289	3,425	3,577	3,729	3,878	3,995
Of which, number of loan claims regarding refusal	42	45	53	58	66	69	76	83
Of which, number of loan claims under examination	88	80	76	91	82	84	69	73
Of which, number of loan claims regarding withdrawal	502	543	592	617	645	675	697	730

* As of the end of March 2015, the figures include claims regarding trust accounts as follows.

Request: 484, Implementation: 410, Refusal: 13, Under examination: 2, Withdrawal: 59

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



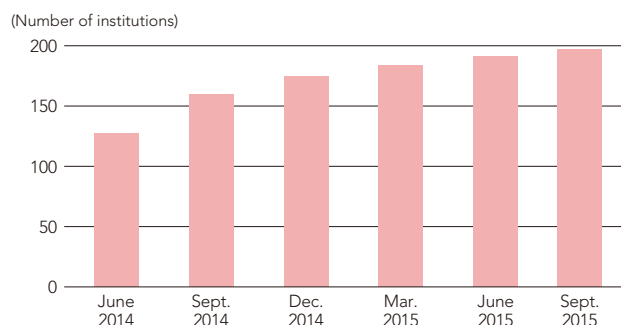
ESG-themed Initiatives in Our Asset Management Businesses

Of the Principles for Responsible Investment (PRI) signatory institutions as of October 1, 2015, 1,395 are signatories to ESG investment initiatives that take into account environment (E), social (S), and governance (G) factors. Assets under management at those PRI institutions have grown to a total of US\$59 trillion. PRI is leaning into initiatives aimed at growing responsible investment in Asia, and announced it would focus on increasing the effectiveness of PRI signatory initiatives.

Amid rapid growth in ESG investment on a global scale, Japan's Stewardship Code with Principles for Responsible Institutional Investors was published in February 2014. According to a September 2015 release from Japan's Financial Services Agency, 197 institutional investors have

announced their intention to accept the Code. We expect the trend of institutional investors advancing ESG initiatives as one of their stewardship responsibilities to grow.

Institutional Investors Announcing Acceptance of Japan's Stewardship Code



Source: Principles for Responsible Institutional Investors

Asset Management at Sumitomo Mitsui Trust Holdings

Asset under Management

With one of the largest sums of assets under management (AuM) sourced in Asia, AuM at Fiduciary Services Business of Sumitomo Mitsui Trust Bank ("SuMi TRUST Bank") has grown to about ¥51 trillion (USD 430 billion*). Moreover, adding in AuM at Nikko Asset Management Co., Ltd., which primarily

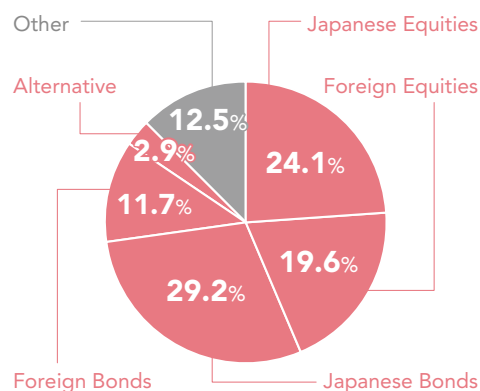
markets products such as investment trusts to individuals, brings the Group's total AuM to about ¥76 trillion.

While Japanese public pension and corporate pension funds comprise the great majority of our client base, our AuM from overseas investors are growing.

Asset Class	USD bln	Weight
Japanese Equities	103.65	24.1%
Foreign Equities	84.60	19.6%
Japanese Bonds	125.84	29.2%
Foreign Bonds	50.56	11.7%
Alternative	12.34	2.9%
Other	53.84	12.5%
Total	430.85	100.0%

* Assumed forex conversion rate of ¥119.77/US\$1 is as of September 30, 2015.

Source: Assets under management at SuMi TRUST Bank as of September 30, 2015.



Our Record in ESG-related Activities

Bolstering Global Collaboration Aimed at Addressing ESG Challenges

Strengthening collaboration globally among institutional investors and asset management institutions is critical to addressing and resolving ESG challenges. As a signatory to the Principles for Responsible Investment (PRI), the SuMi TRUST Group participates in working groups based on PRI principles and actively engages companies whose securities we own in dialogue and discussion aimed at raising their ESG awareness. At the PRI conference held in London, UK, in fiscal 2015, we made a presentation as the representative of a working group on water risk.



RI Asia's Annual Conference

RI Asia is an annual event on responsible investment (RI) held in the U.S., Europe, or Asia. In April 2015, the event was convened in Tokyo for a second successive year. Following up on the previous year's event, SuMi TRUST Bank joined the RI Asia panel discussion amid growing interest in Japanese market reforms such as the adoption of a stewardship code and corporate governance code.



Council of Institutional Investors' Annual Spring Conference in April 2015

Corporate governance is one of the main topics global asset management institutions are watching closely. With a membership centering on the major U.S. public pension funds and institutional investors, the Council of Institutional Investors (CII) has led the debate on corporate governance in the U.S. since its founding in 1985.

At CII's 2015 Spring Conference and 30th Anniversary Celebration, SuMi TRUST Bank became CII's first Japan-based asset manager member to join a panel discussion, held on April 1, where it presented a report on the state of corporate governance in Japan.

ESG Solutions Services

At the Stock Transfer Agency Services Business, we have launched a new ESG solutions service where we provide information on ESG-related issues that we understand on a global level to our client base of corporate issuers. In addition to providing them ESG-related information, we strive to offer corporate issuers useful advice on their ESG-related disclosures, convening regular study groups, dialoguing with overseas investors, and supporting integrated reporting.

Our ESG Activities as an Institutional Investor

Our ESG Activities Policy for Our Role as an Institutional Investor

We are actively taking steps to respond to various ESG-related issues as an asset management institution that is a PRI signatory, moving ahead with activities that are in the interest of our clients.

In May 2014, the SuMi TRUST Group announced its adoption of the Japanese version of the stewardship code. This code calls on institutional investors to fulfill their stewardship responsibilities through purposeful engagement with management aimed at achieving higher investment returns over the medium- to long-term by encouraging companies to achieve sustainable growth and increase corporate value. With our analyst teams at the core of our engagement

framework, we are working to properly meet our stewardship responsibilities.

Engagement Framework

Our analysts perform a central role in our ESG-related engagement. Through their meetings with companies and other coverage activities, our analysts evaluate companies, and drawing on this knowledge, they can serve as a one-stop resource on engagement, dialogue on exercising proxy votes, and research.

Three Pillars

Our ESG activities comprise three different fields: engagement, ESG integration, and exercising proxy votes.

SuMi TRUST Bank's Initiatives Aimed at ESG Topics

Engagement

Analysts seek to raise awareness on ways to improve management by offering constructive opinions to investee companies in the interest of increasing their corporate value.

ESG Integration

Analysts evaluate investee companies on the basis of ESG factors (non-financial information) and harness these for investment purposes.

Exercising Proxy Votes

One of the stewardship responsibilities ascribed to institutional investors is exercising proxy votes in the interest of encouraging sustainable growth at investee companies.

Meetings on Initiatives for ESG Topics

SSC* Engagement Committee

- Announced policy on stewardship activities for Japanese stocks; report on relevant activities
- Convene monthly meetings

ESG Monitoring Committee

- Announced policy on ESG-related activities; report on relevant activities
- Report on ESG-related market environment
- Convene meetings once every six months

SRI Universe Selection Committee

- Select Japanese and Chinese stock universes for our SRI funds
- Convene monthly meetings

Committee on Exercising Voting Rights

- Announced policy on exercising proxy votes; report on relevant activities
- Convene monthly meetings

* SSC refers to the Stewardship Code.

Engagement

At SuMi TRUST Bank, we believe addressing ESG topics to build a sustainable society is in the interests of our clients, and we actively engage investee companies on this basis.

Engagement with Companies Based in Japan

We engage with investee companies in keeping with our engagement guidelines. The engagement process is one element in the activities of our analysts aimed at obtaining a deep understanding of the business structure and sector environment of investee companies as they work to support efforts at investee companies to achieve sustainable growth

and increase their corporate value.

The annual number of contacts between our analysts and investee companies has risen to about 9,400, encompassing a broad range of actions from normal coverage activities (including items relating to exercising proxy votes), participation in analyst meetings and company tours, and management engagement. Of these, management engagement sessions came to about 300.

Two cases where we engaged with investee companies are summarized below.

Dialogue overview

Company A

We shared with a leading electric equipment manufacturer our view that it needs to implement fundamental reforms at businesses with slumping earnings along with directing investments into new growth fields. This opened the way for a discussion on its strategic allocation of management resources.

Company B

Dialogue overview

We approached a leading processed food maker regarding to its unprofitable businesses with our view that it needs to restructure with an eye on prospects for allying with other companies. This led to a discussion on the future direction of its unprofitable business lines.

Engagement with Companies Based Overseas ESG Monitoring and Engagement

SuMi TRUST Bank is an active participant in engagement activities, collaborating with other PRI signatory institutions to address global ESG challenges. The ESG Monitoring Committee, situated inside the Fiduciary Services Business, monitors the status of such engagement activities. In 2015,

as a participant in a PRI-sponsored clearinghouse for signatories to collaborate on managing engagement with ESG themes, we took part in discussions relating to water risk as well as debate on problems involving development around tropical rainforests.

Examples of Our Involvement in Efforts to Address Global ESG Challenges

Example 1 Problems with Development in and around Tropical Rainforests (Palm Oil Plantations)

Tropical rainforests perform important functions in preserving biodiversity, husbanding water resources, and limiting global warming (role in CO₂ cycle). In regions where tropical rainforests are abundant, however, development of plantations for growing palm oil, a common ingredient in everyday consumer goods, has proceeded rapidly. There is growing interest in this topic at global investment institutions from the standpoint of sustainable development, and we are deepening our collaborative efforts on this front, such as maintaining dialogue with companies involved with palm oil development.



Example 2 Engaging Companies Involved with Anti-personnel Mines and Cluster Bombs

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

Through our engagement activities, SuMi TRUST Bank encourages companies* involved in the manufacture of anti-mine personnel and cluster bombs to stop manufacturing these weapons. Our activities are having an impact, as evidenced by a November 2015 letter to us from an Asian-based company declaring its intent to refrain entirely from business relating to the production and sale of anti-personnel mines and cluster bombs.

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

ESG Integration

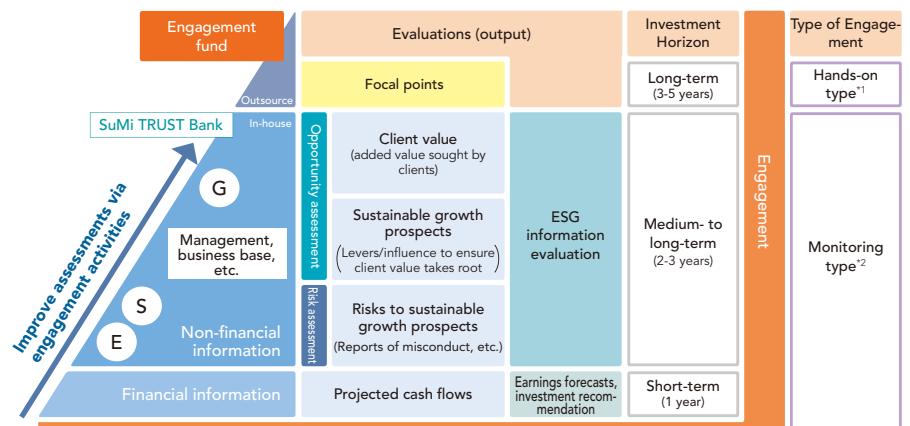
In addition to the normal schedule of financial disclosures over the fiscal year, we also use ESG information (non-financial information) in our process of evaluating investee companies.

While financial information such as earnings reports are important in the short term in evaluating companies as investments, we think assessments relating to the sustainable growth prospects of investee companies are important over the medium- and long-term.

As a result, we strive to effectively gather ESG information such as the amount of value added derived from a company's products and services, the sustainability of that, and the resilience of its governance system in supporting the provision of added value. We put this ESG information to use in our company evaluations and work to improve the quality of our evaluations via engagement aimed at fostering an ongoing dialogue with companies.

The use of ESG ratings in investment processes is known as ESG integration. All actively managed funds at SuMi TRUST Bank factor in ESG considerations.

The way ESG ratings are applied, however, differs according to the investment style of each individual fund.



E: Environmental
S: Social
G: Governance

*1: A hands-on engagement-type approach seeks to secure a commitment from investee companies to implement business growth measures, etc.

*2: A monitoring-type approach seeks to support independent management decision-making at investee companies via debate on share price impacts, etc. from improving IR activities and rebalancing business portfolios.

Overview of Investment Strategies at our Flagship Japanese Equity RI Funds

Investment Strategy at SRI Fund, our Flagship Japanese Equity RI Fund

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

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

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

The evaluation criteria consist of E (environment), S (social), G (governance) and V (Value). V has been adopted as a new criterion from the fiscal year ended March 31, 2014 (fiscal year 2013) to evaluate the contribution of ESG initiatives to a company's business growth.

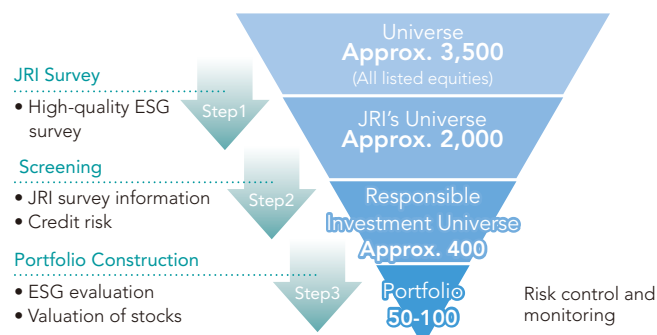
2. SuMi TRUST Bank's Investment Team Selects Our SRI Universe Candidates

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

3. SuMi TRUST Bank's Portfolio Managers Choose Stocks

Our portfolio managers choose stocks from among our RI universe based on 1) our assessment of the growth prospects of prospective investee companies stemming from their ESG initiatives, and 2) equity valuation and earnings momentum derived from the earnings forecasts of our Japanese stock analyst teams. We seek to achieve an excess return versus the benchmark TOPIX.

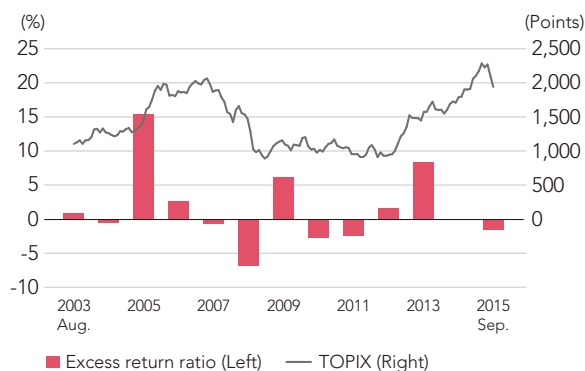
Investment Management Process



Source: Sumitomo Mitsui Trust Bank, Ltd. (as of September 30, 2015)
JRI: The Japan Research Institute

Performance of Our SRI Fund

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



Our RI Investment Trusts

SRI Japan Open (Good Company)

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

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



Investment Manager
Sumitomo Mitsui Trust
Asset Management

China Good Company

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

For stock selection, we draw on the Japan Research Institute's ESG surveys and research, and we are working to build a structure to gather any negative information about target companies in a timely manner.



Investment Manager
Sumitomo Mitsui Trust
Asset Management

World Bank Bond Fund

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



Investment Manager
Nikko Asset Management

Biodiversity Fund for Supporting Companies

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

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



Investment Manager
Sumitomo Mitsui Trust
Asset Management

Exercising Proxy Votes

As one of the stewardship responsibilities ascribed to institutional investors, SuMi TRUST Bank exercises proxy votes in the interest of encouraging sustainable growth at investee companies.

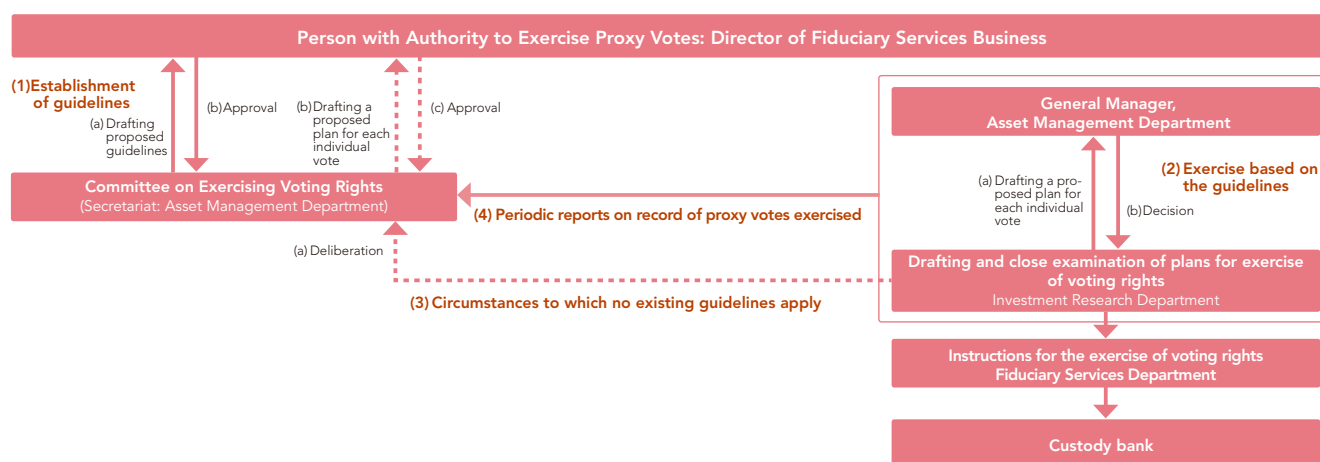
Basic Policy on Exercising Proxy Votes

Our view of corporate governance is premised on the belief that management policies and decision-making at companies ought to reflect not just the wishes of shareholders but should also take into account the interests of many other stakeholders such as employees, creditors, and suppliers, and be determined after coordinating their interests. We thus believe

companies ought to build healthy corporate governance systems that respect shareholder interests by encouraging management to use shareholder capital efficiently and actively disclose information to stakeholders. As a result, as long as investee companies are not involved in anti-social actions and shareholder interests are not neglected, our default posture is to defer to management judgment.

In the event, investee companies or members of their management become involved in misconduct or anti-social actions, and we regard the matter to be a serious problem in terms of corporate governance, we will exercise our proxy votes in a way that promotes improvements to corporate governance.

System for the Exercise of Proxy Votes for Japanese Stocks



Record of Proxy Votes Exercised by Category of Proposal

Our record on proxy votes exercised for shares of Japan-based companies in conjunction with their convening of

general meetings of shareholders from July 2014 through June 2015 is as follows.

1. Proposals Made by Investee Companies

	Approving votes	Dissenting votes	Abstention	Blind trust	Total
Appropriation of surplus, etc.	1,413	67	1	0	1,481
Appointment of directors	1,615	475	1	0	2,091
Appointment of corporate auditors	1,637	261	1	0	1,899
Partial amendment to Articles of Incorporation	1,027	31	1	0	1,059
Payment of retirement benefits	156	147	0	0	303
Revision of compensation for officers	603	15	0	0	618
Issuance of share warrants	107	51	0	0	158
Appointment of accounting auditors	19	0	0	0	19
Matters related to reorganization strategies ^{*1}	40	0	0	0	40
Other proposals by the company ^{*2}	136	25	0	0	161
Of those related to measures to deflect hostile takeovers, etc.	74	23	0	0	97
Total	6,753	1,072	4	0	7,829

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

^{*2} Share buyback of own stock, reduction of statutory reserve, capital increase by allocation of new shares to third parties, capital reduction, consolidation of shares, measures to deflect hostile takeovers, etc.

2. Proposals Made by Shareholders

	Approving votes	Dissenting votes	Abstention	Blind trust	Total
Total	0	155	0	0	155



ESG-themed Initiatives in Our Real Estate Businesses

Amid a growing sense of crisis about global environmental problems, environmental consideration has become necessary in real estate to realize a sustainable society.

“Environmentally friendly property” refers to properties that take the environment into account, are sustainable, and foster high environmental value.

The Group believes environmentally friendly properties can generate more value added than conventional properties through features that enhance income by improving environmental performance and reducing risk.

A growing sense of crisis about global environmental problems

Global warming, threats to biodiversity, water scarcity & resource depletion



Imperative to develop sustainable societies

Growing eco-awareness, stricter regulations, seen as de rigueur by investors, tenants, etc.



Environmentally friendly property

Sustainable, creates high environmental value

High environmental performance

- Energy conservation, CO₂ reduction
- Renewable energy adoption
- Greater efficiency in water and resource use
- Recycling and reuse of materials
- Restoration of biodiversity

Prospects for value added

- Lower utility costs
- Healthier, more comfortable
- Lower environmental-response risk
- Lower market risk

Why is Environmentally Friendly Property Necessary Now?

Many governments are adopting policies to respond to global environmental problems based on the United Nations Framework Convention on Climate Change (UNFCCC) and Convention on Biological Diversity (CBD).

On the domestic policy front, new non-residential buildings with floor space of 2,000m² or more will need to comply with energy saving standards under the Energy Conservation Act (publicly issued in 2015) when the law comes into force in April 2017. Meanwhile, there has been progress in improving and broadening programs that offer government subsidies and investment funds for high-environmental-performance projects such as the “leading projects” program for sustainable buildings and a program to promote eco-friendly, earthquake-resistance property.

Global investment and financial centers recognize that addressing global environmental problems is essential. More than 1,300 institutions in Japan and overseas have become signatories to the Principles for Responsible Investment (PRI), a United Nations-led global platform for investment that factors in environmental, social, and governance (ESG) issues, since its launch in 2006. Under the United Nations Environment Programme Finance Initiative (UNEP FI), more

than 300 financial institutions, including banks, insurers, and brokerages, are working together to integrate ESG risks into financial system functions. In 2015, Japan’s Government Pension Investment Fund (GPIF) became a PRI signatory, a notable step for PRI’s acceptance. The SuMi TRUST Group has been a PRI UNEP FI signatory since its launch.

Used for investment decision-making, Global Real Estate Sustainability Benchmark (GRESB) was created in 2009, mainly for a group of large pension funds in Europe, to measure sustainability performance in the real estate sector. In 2015, 32 firms (including 21 REITs) participated in the GRESB survey.

In 2015, about 200 institutions in Japan’s asset management and finance sector announced their adoption of Japan’s Stewardship Code, which spells out principles for responsible institutional investors. The Corporate Governance Code, which includes principles to encourage companies to respond to sustainability concerns, also took effect in 2015 as an attachment to the Tokyo Stock Exchange’s securities listing requirement.

As the above shows, there is no time to wait in shifting to eco-friendly property.

No time to wait in shifting to eco-friendly property

International conventions

- United Nations Framework Convention on Climate Change (UNFCCC)
- Convention on Biological Diversity (CBD)

Japanese government policies

- Energy Conservation Act
 - > Bolsters environment-related regulations
- “Leading projects” program for sustainable buildings, etc.
- Program to promote eco-friendly, earthquake-resistant property
 - > Support property with high environmental performance

Global investment & financial centers

- PRI UNEP FI
 - > Promotes investment and finance that factors in ESG
- GRESB
 - > A benchmark is used for real estate-related investment decisions

Domestic investment & financial centers

- Japan’s Stewardship Code
 - > About 200 institutions have announced adoption
- Corporate Governance Code
 - > Principles to encourage listed companies to respond to sustainability concerns

Added Value of Environmentally Friendly Property

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

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

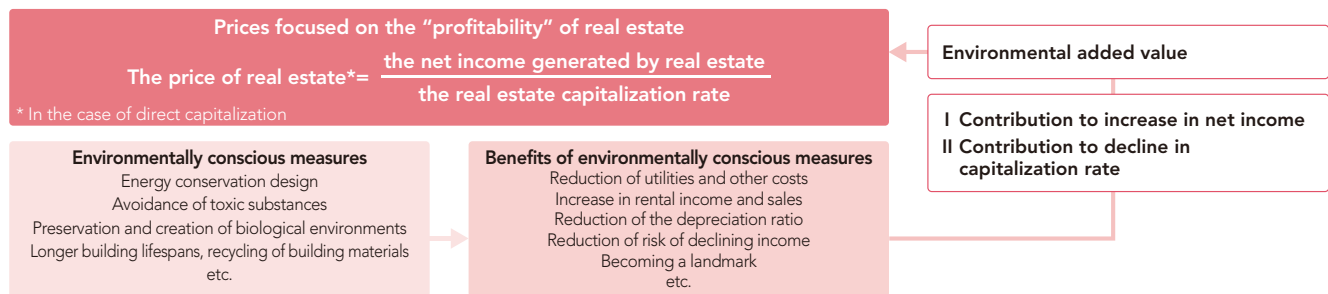
Environmentally friendly property can earn higher net

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

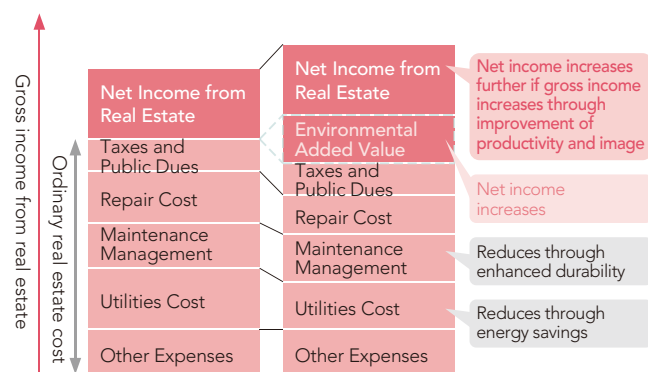
Furthermore, environmentally friendly property is less exposed to future environment-related tax hikes or tougher regulations, so the capitalization rate for such buildings factors in less environmental risk. A lower depreciation rate resulting from a longer life span as well as enhanced appeal as environmentally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

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

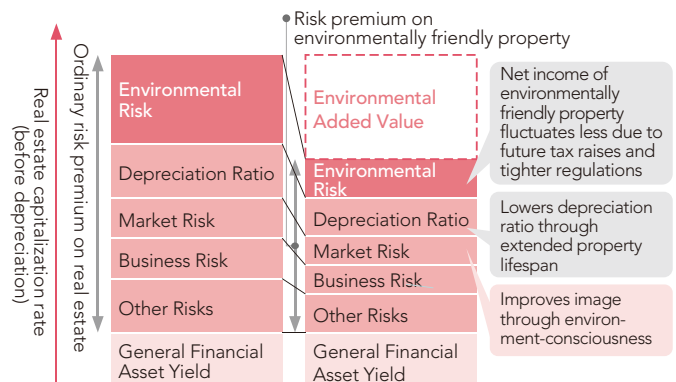
Conceptual Diagram of Environmental Added Value (1) Prices Focused on the “Profitability” of Real Estate



Conceptual Diagram of Environmental Added Value (2) Reflection in Net Income



Conceptual Diagram of Environmental Added Value (3) Reflection in Capitalization Rate



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

Our Environmentally Friendly Property Initiatives

SuMi TRUST Bank has made many recommendations related to environmentally friendly property since the 2005 release of an employee-authored paper about the added value created by such buildings.

Easy-to-understand indicators of environmental performance and the attendant value added are especially important as a way to recommend environmentally friendly property. In view of this, the CASBEE Research Committee launched the "CASBEE for Properties*" certification system in 2013 to promote widespread use of environmental evaluations in real estate. In 2015, the Smart Wellness Office Research Committee, a member of the Japan Sustainable Building Consortium, released the result of a study on the CASBEE program suggesting that it yielded economic benefits.

In terms of services, we use the unique characteristics of a trust bank to offer a diverse lineup of business services related to environmentally friendly property, including consulting services on environmentally friendly construction. We established the first section dedicated to

environmentally friendly property among financial institutions in Japan in 2010.

We are working to realize a sustainable society by bringing environmentally friendly property into the mainstream and linking it to business sustainability. This is one of our missions as a leading company in the environmentally friendly property market.

* The comprehensive assessment system for built environment efficiency (CASBEE) certification is an environmental performance evaluation system for buildings that is being developed and promoted in Japan by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT). CASBEE for Properties (the name was changed from "CASBEE for Market Promotion" in November 2014) has fewer evaluation items but maintains consistency with CASBEE® Standard Version.



"CASBEE for Properties" manual (see page 53)

Balancing Environmental Friendliness and Economic Performance

I believe that real estate has a significant role to play in resolving global environmental problems and creating a pathway to a sustainable society. Initiatives concerning environmental friendliness in **real estate should be based on the concept of investment, i.e., "aiming to increase property asset values by raising profits and enhancing stability," rather than on the idea of "doing something good for the environment, even if it means spending a little extra money."** Institutional investors mainly in Europe and the United States have come to utilize a benchmark for real estate management institutions called GRESB in making investment decisions. As a result, a trend toward improving the environmental performance of buildings is also springing up among Japanese real estate funds and real estate investment companies. Since releasing a paper about the added value of environmentally friendly property in 2005, SuMi TRUST Bank has been working on this theme together with various stakeholders in Japan and overseas, and we have a real sense that environmentally friendly property is truly starting to spread and expand at this very moment. We will continue to work toward expanding environmentally friendly property both in terms of promotion and awareness-raising as well as from a business angle.



Sumitomo Mitsui Trust Bank
Real Estate Advisory Department
Associate General Manager
Head of the Environmentally Friendly
Property Promotion Team
Masato Ito

Our Business Lineup in Environmentally Friendly Property

1 Environmentally Friendly Construction Consulting

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

As interest in environmental issues has grown, so has the number of properties applying for CASBEE® certification* or providing notification of self-evaluation in the past several

years. In addition, some projects have been selected by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) for the “leading projects” program for sustainable buildings (see page 54) and by the Ministry of Economy, Trade, and Industry (METI) for the “net zero energy building” proof-of-concept pilot program.

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

Examples: Environmentally Friendly Construction Consulting

Company Name	Location	Use	Number of Floors	Floor Area	Target Rank
Clarion	Saitama Prefecture	Headquarters office and research center	10 floors above ground, 1 rooftop floor	Approx. 19,000 m ²	A (certification completed)
Yachiyo Bank	Tokyo	Central branch ^{*1}	9 floors above ground	Approx. 7,700 m ²	S (certification completed)
Chuo Labour Bank	Tokyo	Central branch	1 basement floor, 9 floors above ground, 2 rooftop floors	Approx. 6,000 m ²	A (self-evaluation)
	Kanagawa Prefecture	Office	1 basement floor, 7 floors above ground, 1 rooftop floor	Approx. 10,000 m ²	B+ (application)
AEON MALL	Tokyo	Commercial facility	5 floors above ground	Approx. 150,000 m ²	A (certification completed)
FUJI	Ehime Prefecture	Commercial facility	3 floors above ground	Approx. 140,000 m ²	B+ (certification completed)
Ito-Yokado	Kanagawa Prefecture	Commercial facility	4 floors above ground	Approx. 29,000 m ²	B+ (application)
Toyo Seikan Group Holdings	Tokyo	Office ^{*1}	2 basement floors, 21 floors above ground, 1 rooftop floor	Approx. 72,400 m ²	S (certification completed)
Daikin Industries	Osaka Prefecture	Office, R&D facility ^{*1}	1 basement floor, 6 floors above ground	Approx. 48,000 m ²	S (self-evaluation)
Hiroshima Mazda	Hiroshima Prefecture	Office ^{*1}	Renovation project for existing building		
Anritsu	Kanagawa Prefecture	Office ^{*2}	7 floors above ground	Approx. 28,000 m ²	S (self-evaluation)
Shimane Bank	Shimane Prefecture	Central branch ^{*1}	1 basement floor and 13 floors above ground	Approx. 12,000 m ²	S (self-evaluation)

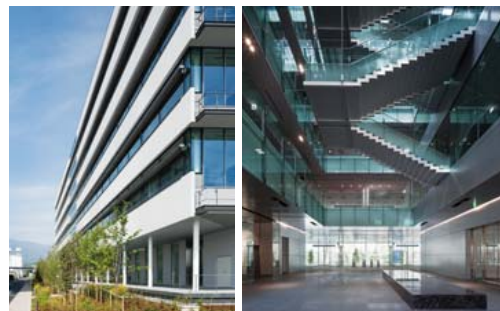
*1: Selected for the MLIT-led “leading projects” program for sustainable buildings; This was formerly known as the “leading projects for promoting CO₂ reduction” program for housing and buildings.

*2: Selected for the METI-led “net zero energy building” experimental pilot program.

Case Study A

Construction of Anritsu Global Headquarters Building

Based on the concepts of “innovative business creation,” “building safety and comfort,” and “advancing energy-savings and low environmental impact,” the Anritsu Global Headquarters Building has a wide range of eco-conscious features. The exteriors save energy (insulation, vents, natural lighting), and with integrated high-efficiency systems for lighting, air conditioning, and ventilation with individual operational control options and a building-wide energy management system, the building can be run based on a plan that enables flexible energy management and eliminates waste in many small ways. Moreover, the climate and site conditions of the headquarters site in Atsugi City are well suited to natural ventilation and renewable energy systems, and making visible the energy use of all the other structures at the site with potential for efficient management is what Anritsu seeks to achieve next before integrating and applying such technologies in the future to transition the site to a smart community model with the aim of reaching net zero energy building (ZEB) status (CASBEE Kanagawa S rank, self-certification).



Photos: Shigeo Ogawa Studio

2 Consulting to Support Applications for “CASBEE for Properties” Certification

Initiatives related to CASBEE for Properties

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

focused on overseas.

CASBEE for Properties can also use the GRESB study (see page 49) (2013-2015 results), so use of this certification is spreading, especially among REITs and real estate companies that are sensitive to sustainability concerns.

SuMi TRUST Bank is a participant in developing CASBEE for Properties as an organizer of a CASBEE subcommittee.

Table Evaluation Items in CASBEE for Properties (In the case of office buildings)

Energy/ Greenhouse gases	<u>Target setting and monitoring</u> /energy saving standards, usage and emissions intensity (calculated values), usage and emissions intensity (actual values) , renewable energy
Water	<u>Target setting and monitoring</u> , water usage intensity (calculated values), water usage intensity (actual values)
Use of resources/Safety	<u>Disaster prevention and safety</u> (new earthquake resistance, etc.), high earthquake resistance/seismic isolation and vibration damping, etc., usage of recycled materials , service life of structure materials, necessary renewal interval for main equipment functions, higher self-sufficiency ratio (electricity, etc.), maintenance and operation
Biodiversity/Sustainable site	<u>No use of invasive alien species</u> , enhancement of biodiversity , soil environment quality/regeneration of brownfields, public transportation access, measures in preparation for natural disaster risks
Indoor environment	Attainment of building sanitation management standards , use of daylight, natural ventilation function, view

* 1 Underlined items are prerequisites (they must be met to pass an evaluation).

* 2 Items in **red** are related to universal metrics recommended by the United Nations Environment Programme (UNEP).

Consulting to Support Applications for CASBEE for Properties Certifications

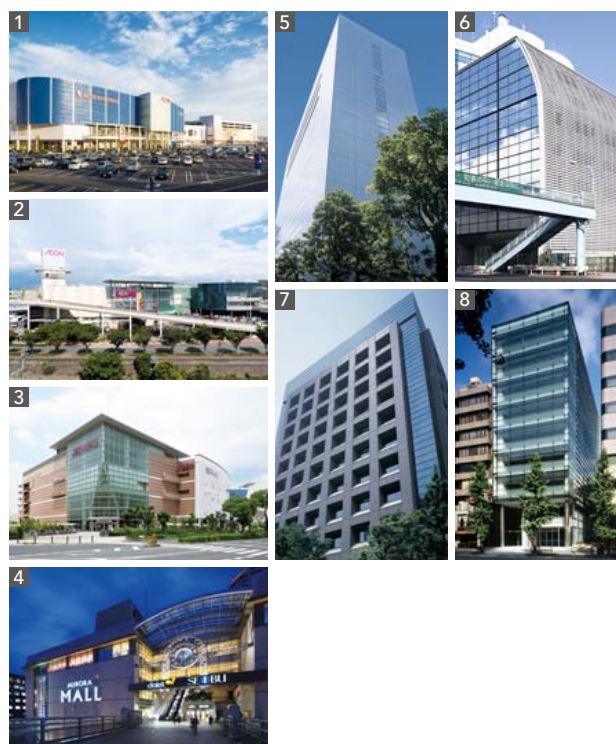
SuMi TRUST Bank engages in consulting services to support applications for CASBEE for Properties certification. We will continue to provide services that use the CASBEE system in our business promoting environmental property.

Examples: Consulting on CASBEE for Properties Certification Applications

Owner	Property	Rank	Certification date
JRF REIT*	1 Aeon Mall Musashi Murayama	S	2/27/2015
	2 Aeon Mall Itami	A	2/27/2015
	3 Aeon Mall Tsurumi Ryokuchi	S	2/27/2015
	4 Higashi-Totsuka Aurora City	S	2/27/2015
Premier REIT**	5 Premier Kaigan Bldg.	A	8/7/2015
	6 Premier Toyochi Bldg.	A	8/7/2015
	7 Takadanobaba Center Bldg.	A	8/7/2015
Tosei Corp.	8 Toranomon Tosei Bldg.	A	9/26/2015

* JRF: Japan Retail Fund Investment Corp.

** Premier REIT: Premier Investment Corp.



3 Assistance to Help Subsidy Applicants Qualify

What is the “Leading Projects” Program for Sustainable Buildings?

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

The program grants subsidies up to one half of the budget for construction and other costs of pioneering initiatives. The average per-project subsidy (budget) has trended in the

range of 200 million yen.

Recipient projects are announced by MLIT and published on the Building Research Institute website. Recipients are given an opportunity to present their projects at the time of selection as well as post-completion.

“Leading Projects” Program* for Sustainable Buildings: Number of Applications, Recipients, and Budget Amounts

Fiscal year	Applications	Recipients	Budget
	Number of projects	Number of projects	
2008	155	20	5 billion yen
2009	84	33	7 billion yen
2010	91	27	Included in 33 billion yen for projects promoting the environment and use of stock real estate
2011**	74	24	Included in 16 billion yen for projects promoting the environment and use of stock real estate
2012	92	25	Included in 17 billion yen for projects promoting the environment and use of stock real estate
2013	42	21	Included in 17 billion yen for projects promoting the environment and use of stock real estate
2014	28	17	Included in 22 billion yen for projects promoting the environment and use of stock real estate

* Projects that promote CO₂ reduction

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

Our Initiatives Involving the “Leading Projects” Program for Sustainable Buildings

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

We also provide specialized consulting services to assist in applying for subsidies under the MLIT-led “leading projects” program for sustainable buildings, offering assistance

not only in material matters, but also in consulting based on our extensive experience and expertise in building management and the like.

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

Case Study B

Daikin Industries Technology Innovation Center

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



4 Supporting Eco-conscious Regional Development

Making the Value of Smart Towns and Cities Visible, Supporting Development Policies

Developing smart towns and cities that adopt next-generation “smart community*” social systems at the local level is an important step from the standpoint of regional development. In the past few years, these towns and cities have combined a series of complex reforms from changes to citizen lifestyles and local transportation systems to the introduction of area energy networks, including the recapture of heat and unused energy, to go together with effective use of electricity.

To realize smart towns and cities, it is necessary to create economic value added commensurate with higher costs while establishing clear targets from the basic planning stage onward for ESG topics for the city or town.

SuMi TRUST Bank supports projects for smart towns and cities on many fronts such as devising frameworks that link various initiatives on environmental contributions etc. to economic value added and formulating project concepts. Through our provision of financial functions such as leases and home mortgages, we also help projects get executed.

* See METI's website for details.

Mizbering Project, Proposing Effective Land Use Ideas

Since fiscal year 2011, efforts by MLIT to open up riverside spaces have moved ahead, with for-profit private-sector operators increasingly active in using such spaces. Raised platforms on river banks and open-air cafes have been set up, for example.

In Japan, this effort to create new possibilities for the use of waterside spaces is called the Mizbering Project. Through this project and others, people are gathering for informal discussions on social design for waterside spaces and communities. SuMi TRUST Bank also participates in such discussions as a commentator.

SuMi TRUST Bank approaches property owners adjacent to river zones with ideas for effective land use, drawing on Mizbering Project experiences and other community efforts.

Case Study C

Fujisawa Sustainable Smart Town

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

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

We are participating in the project in various capacities. We are designing the smart town evaluation indicators (environmentally friendly property values), investigating eco-point and town card mechanisms, advancing project-specific product plans for environmentally friendly housing loans, and providing leasing and financing schemes.

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

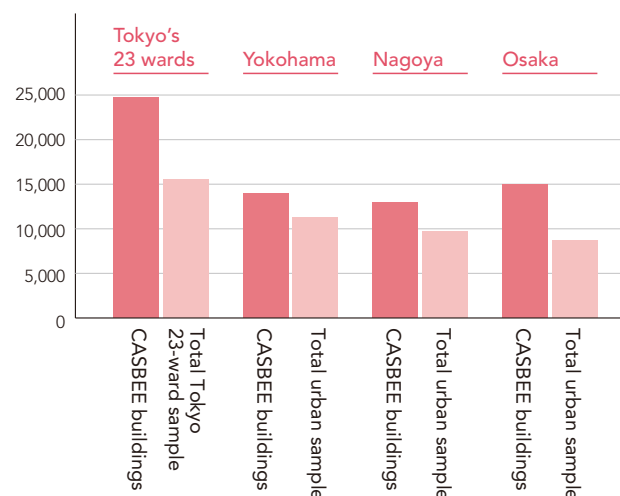


A Leading Company in Japan's Environmentally Friendly Property Market

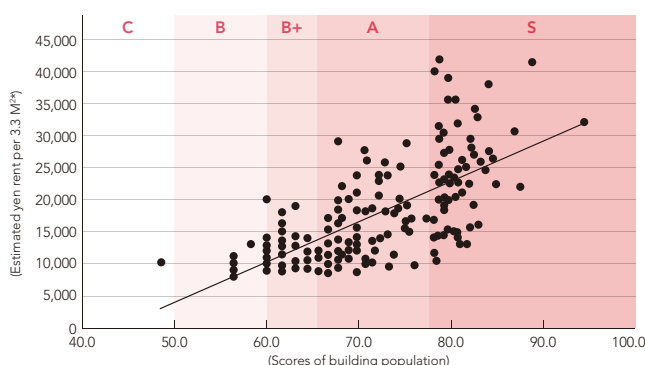
Study on Economic Impact of Buildings with CASBEE Evaluations

Given the paucity of research in Japan showing a correlation between the environmental performance of buildings and economic benefits, SuMi TRUST Bank cooperated as the lead investigator with a study into the economic impact of buildings with CASBEE evaluations in a working group examining economic benefits under the aegis of the Smart Wellness Office Research Committee. The study found market rents in buildings with CASBEE certification (or CASBEE applications, etc.) were about 3.6% higher than the average for non-evaluated buildings with similar attributes. This suggests each point in the CASBEE scoring system (scores adjusted so 100 points is the maximum score) equates to a market rent 0.5% higher than the average. These results were announced at a Smart Wellness Office-sponsored symposium and an Architecture Institute of Japan convention.

Comparison of Average Rents: Yen per 3.3 M²



Correlation between CASBEE Score and Market Rents (Single regression analysis)



Source: Data is from a fiscal year 2014 report issued by Japan Sustainable Building Consortium's Smart Wellness Office Research Committee.
* One tsubo equals 3.3 square meters.

Summary of Multiple Regression Analysis Results for CASBEE Buildings

CASBEE evaluations, etc.	Sample size	Coefficients	Differential in average rent
CASBEE flag	517	564.160	+3.64%
CASBEE rank	517	263.525	+1.70%
CASBEE score	183	78.974	+0.46%
Service performance (Q2) score	183	1702.667	+9.9%
Intellectual productivity evaluation	180	319.318	+1.86%

Smart City Study Group

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

Supporting Creation of Market Foundation for Spread of Environmentally Friendly Property

Since 2008, the Group has participated in MLIT committees for spreading environmentally friendly properties, such as collaboration on setting up the MLIT's Green Building Online Portal and support in organizing the International

Land Policy Forum. Recently, we have been working on the visualization and distribution of information about environmentally friendly property as a chair of Working Group A in the Study Committee on the Promotion and Spread of Environmentally Friendly Properties. Furthermore, in the belief that the MLIT-led CASBEE system should be put to effective use in the real estate market, the Group has supported its spread by actively making proposals in a CASBEE subcommittee. As an organizer of the subcommittee, we were involved in the development of CASBEE for Properties.

Our Activities as an UNEP FI Property Working Group Member

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

Sustainability Policy 2

Serve Clients with Sincerity

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



Initiatives to Earn the Trust of Clients

There is a pressing need for financial institutions to properly and fully explain to clients the mechanisms and risks of their products and to gain their understanding. It is also increasingly important that financial institutions properly manage client information and work to improve client satisfaction. The Group is promoting various initiatives to address these issues. We explain our initiatives below from three perspectives: client protection management, efforts to enhance customer satisfaction, and delivery of reliable financial products and services.



Client Protection Management

Basic Policy

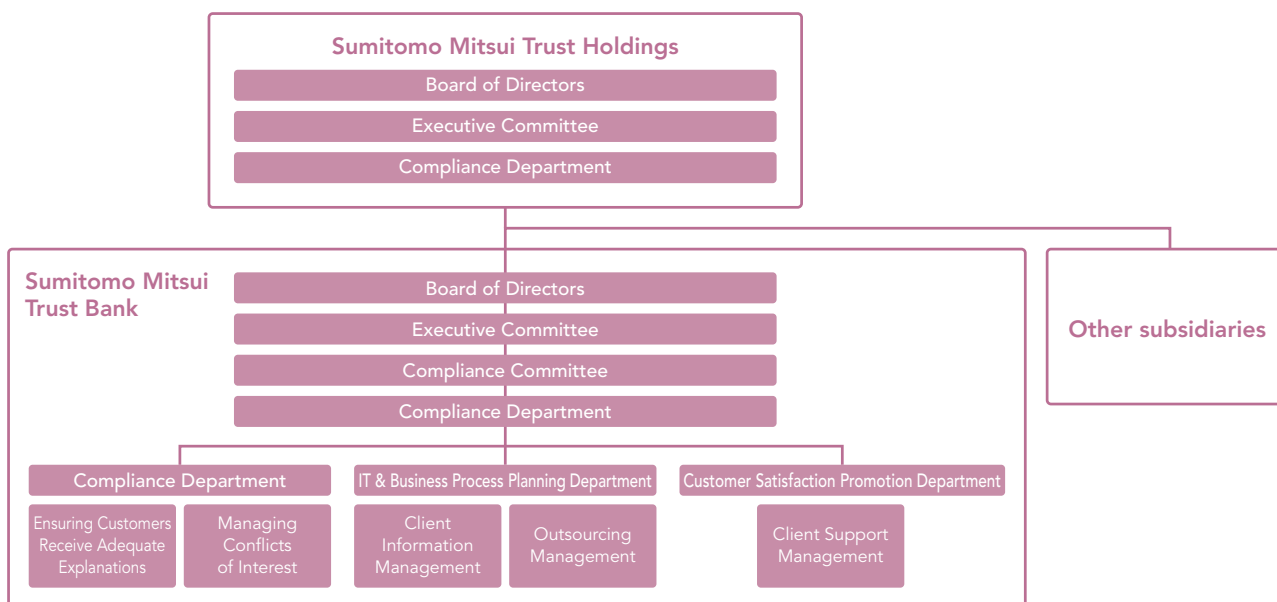
Amid the growing number of financial products with ever more complex mechanisms and unique characteristics, there is a pressing need for financial institutions to properly and fully explain to clients product mechanisms and risks and to gain their understanding. It is also increasingly important that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

Given these conditions, the Group regards client protection as one of its most important management issues. To meet the expectations and trust clients place in the Group, Sumitomo Mitsui Trust Holdings (SuMi TRUST Holdings) has established a basic policy in its Client Protection Management

Rules to enable each Group company to enhance client protection and convenience. Checking and promotion systems have also been developed, so the Group complies with these and carries out business activities in a fair and just manner. By developing these systems, the Group is promoting various initiatives to address issues and problem areas, and enabling appropriate action based on self-discipline.

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

At Group companies, there are departments responsible



for client protection management. Under this rubric, separate departments tasked with managing conflicts of interest, client information management, outsourcing management, and client support management have also been established. These departments work to ensure the appropriateness and sufficiency of client protection, revise and update important

rules as needed, and provide regular status reports to the Board of Directors, etc. Through their preparation of internal company rules, guidance to related departments, and training expansion and improvement, these departments oversee client protection management as a whole as well manage as the supervisory departments.

Ensuring Customers Receive Adequate Explanations

In providing financial products and services to clients, the Group takes into account their knowledge, experience, asset situation, and purpose of transactions, and provides appropriate and adequate explanations to obtain their understanding and consent.

At Sumitomo Mitsui Trust Bank ("SuMi TRUST Bank"), the Compliance Department oversees this field as the department responsible for ensuring customers receive the information they need based on relevant rules and regulations. Under the ambit of the compliance department, our policy for solicitation and sales of financial products and services, for instance, is available for clients to see at our branches and on

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

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

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

Managing Conflicts of Interest*

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

In order to properly manage conflicts of interest based on rules for such situations, the Compliance Department at SuMi

TRUST Bank has been established as a department responsible for managing conflicts of interest independent of the sales department. For the whole Group, a system to properly carry out the management of conflicts of interest has been put into place. The Compliance Department examines and evaluates the effectiveness of the Group's management of conflicts of interest on a regular basis in order to make continual improvements. We also provide regular training and education and keep executives and employees informed on such matters.

* "Conflicts of interest" refers to cases in which the interests of the Group and those of clients or interests among clients contradict each other.

Solicitation Policy (Sumitomo Mitsui Trust Bank)

1. Explain the basic policy

Sumitomo Mitsui Trust Bank, Limited (Sumitomo Mitsui Trust Bank) practices its Codes of Conduct ("Value") that calls for "completely client-oriented" service and "strict compliance with applicable laws and regulations," and recommends financial products and services based on this solicitation policy so that clients can decide for themselves what is most appropriate for them.

2. Recommend financial instruments suited to clients

Sumitomo Mitsui Trust Bank recommends financial products and services suited to clients according to their "knowledge," "experiences," "asset situation" and "the purpose of their transactions."

3. Explain the contents of financial products and services in an easy-to-understand manner

Sumitomo Mitsui Trust Bank explains not only the contents and merits of financial products and services we provide but also risks and fees in an appropriate, easy-to-understand manner so that they can be fully understood.

4. Offer appropriate explanations and conduct appropriate solicitations

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

5. Strive to conduct solicitation activity convenient for clients

Sumitomo Mitsui Trust Bank strives to conduct solicitation activity via telephone or visit at a time, place and means convenient for clients.

6. Strive to improve in-house systems

Sumitomo Mitsui Trust Bank strives to improve in-house systems so that we can provide financial products and services suited to clients. Sumitomo Mitsui Trust Bank also strives to acquire accurate knowledge and master ways of providing easy-to-understand explanations.

7. Created a consultation contact point for clients

Client Information Management

The Group has established the Declaration for the Protection of Personal Information as a policy to securely protect the personal information of its clients. Furthermore, the Group manages client information appropriately, and when using client information jointly in the Group, each company complies with laws on personal information protection, guidelines on personal information protection in the financial industry, and other related laws and regulations so as to ensure appropriate use of such information.

At SuMi TRUST Bank, IT & business process planning departments oversee client information management as units tasked with this responsibility based on information security

risk management rules with the aim of properly maintaining and managing the Group's information assets. These departments regularly evaluate the status and effectiveness of client information management execution and provide regular status reports to the Board of Directors, etc. At sales and head office departments, in addition to assigning general managers the responsibility of managing and administering information, general managers require all employees they supervise to submit written affirmation of their duty of confidentiality so all concerned clearly recognize they have a duty to keep important information, including personal data they come across while working, confidential.

Outsourcing Management

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

At SuMi TRUST Bank, IT & business process planning

departments are responsible for outsourcing management, and based on rules for outsourcing management, they select contractors suitable to the Group for outsourcing consignments and monitor them. These departments provide regular status reports to the Board of Directors, etc. about the status of outsourcing management.

Moreover, each business designates a department to oversee operations outsourced to contractors and evaluates whether they are performing their assignments properly in accordance with relevant rules and their consignment contracts through confirmations of the status of consigned operations both on an ongoing periodic basis and in response to emerging situations. These departments also monitor contractors when necessary.

Sumitomo Mitsui Trust Group Privacy Policy

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

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

The companies in the Group shall comply with the laws pertaining to the protection of personal information, laws concerning the use of numbers to identify a specific individual for public administration procedures (e.g., the "My Numbers Act"), and guidelines set forth by government agencies including other standards.

2. Appropriate Acquisition

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

3. Purpose of Use

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

4. Consignment

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

5. Offering to Third Parties

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

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

With regards to specific personal information, we shall not provide this to third parties irrespective of whether the person concerned has or has not consented, apart from cases where it is stipulated by laws concerning the use of numbers to identify a specific individual for public administration procedures.

6. Responding to Inquiries from Clients, etc.

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

7. Safety Measures

The companies in the Group, in their approach to managing personal information and specific personal information, take appropriate safety measures in terms of their organizations, personnel affairs, and systems to manage personal information so as to prevent leaks etc. and have put into place a framework of responsibility necessary to protect personal information.

8. Continuous Improvement

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

Client Support Management

At SuMi TRUST Bank, the Customer Satisfaction (CS) Promotion Department is responsible for client support management. Based on rules for supporting clients, the department quickly responds to inquiries and complaints from clients in a sincere manner, aiming to resolve them with the understanding and consent of clients to the greatest degree possible while also working to assess and analyze the causes of such inquiries and complaints and making

efforts to improve operations. In fiscal year 2014, there were 10,563 complaints.

With regards to complaints etc., there is a reporting system for complaints etc. that collects and manages this information, and management receive periodic reports about the content of complaints. By utilizing our "Voice of Customers Portal" (See page 63), we strive to improve operations to enhance client convenience.

Initiatives to Prevent Remittance Scams

With the aim of reminding employees about the key points that are crucial to preventing remittance scams, SuMi TRUST Bank holds lectures for employees on the prevention of remittance scams at all of our branches nationwide. The lectures are held with the assistance of the police and participants learn about the status of remittance scams locally, the methods used by criminals to target their victims, and the key points crucial to preventing this form of crime. Employees also role-play various remittance scams scenarios.

Moreover, employees at our branches routinely speak to clients who are making bank transfers, and carry out thorough checks of such transactions. As a result, we were able to prevent 43 cases of remittance scams in fiscal year 2014. Of those, 16 of our branches have received commendations from local police forces for their contributions in this area.

SuMi TRUST Bank will continue to be proactive in speaking to our clients in our endeavors to prevent crime.

List of commended branches	Shinjuku-Nishiguchi Branch	Kobe Branch	Hachioji Branch	Tokyo-Chuo Branch
	Kita-Kyushu Branch	Ueno Branch	Tokorozawa & Tokorozawa-Ekimae Branch	Seiseki-Sakuragaoka Consulting Office
	Matsudo Branch	Ogikubo Branch	Shakujii Branch	Konandai Branch
	Tsudanuma Branch	Shinjuku Branch	Toyohashi Branch	

* The Tokorozawa Branch and Shakujii Branch were commended twice.

Efforts to Enhance Customer Satisfaction

Basic Policy

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

Initiatives to Use "Voice of Customers" to Improve Our Services

SuMi TRUST Bank receives a lot of feedback from customers and many requests at branch offices throughout Japan through diverse channels such as telephone centers and

the Group's website as well as the "Voice of Customers Questionnaires" available at every branch. In fiscal year 2014, we appreciated the upwards of 200,000 opinions and requests we received through these channels (See page 63 regarding our system for applying customer feedback).

In addition to our ongoing initiatives, we mailed "Customer Questionnaires" in April 2015 to the about 1.6 million clients who have consummated contracts for time deposits, investment trusts, etc. with us with the aim of further improving customer satisfaction.

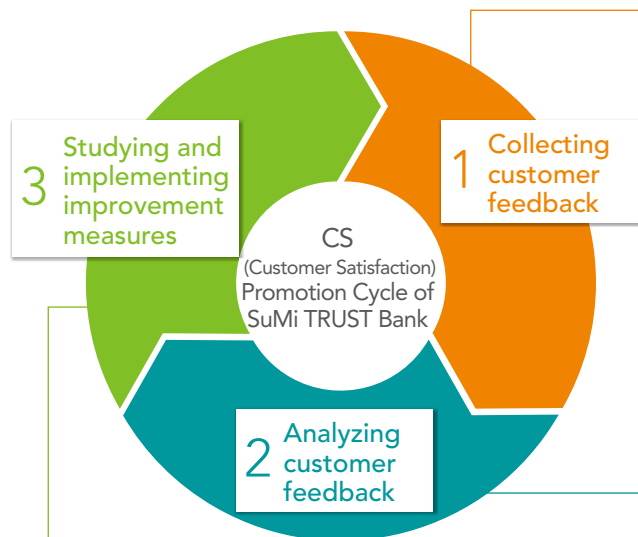
In this way, we aim to use the opinions and requests we received from our clients to provide even better products and services.

How "Customer Questionnaires" Differs from Other CS Initiatives

- Regardless of the size of their account, we enclosed "Customer Questionnaires" in the account balance report we sent to clients who have consummated contracts for time deposits and other financial products with us. Clients return the questionnaires by mail, so we are able to collect feedback from them directly.
- There are detailed question items regarding the manners, appropriate use of language, and the sales proposals of our employees so our employees can better grasp in detail how clients evaluate their approach to client service.

Our System for Applying Customer Feedback

SuMi TRUST Bank receives a lot of feedback from customers and many requests at branch offices throughout Japan as well as its telephone centers and website, along with the "Voice of Customers Questionnaires" available at every branch. We use this feedback to provide better products and services.



3 Studying and implementing improvement measures

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



1 Collecting customer feedback

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

Five ways of collecting customer feedback

- **Branches (over-the-counter, telephone)**
Customer feedback is recorded in a dedicated system so that it can be used to make improvements. In addition, there is a system that enables company-wide sharing of feedback in cooperation with the head office.
- **Sumitomo Mitsui Trust Direct**
Procedures are implemented via telephone and inquiries, and consultations and opinions are also received and are used to make improvements. Such feedback is also communicated to and shared by relevant departments.
- **Various Questionnaire Surveys**
Various questionnaire surveys are conducted to solicit opinions regarding SuMi TRUST Bank's products and services.
- **Customer Service Office**
Customers' opinions and requests are received via telephone, postal mail and Internet.
- **Voice of Customers Questionnaires**
Customers may send back the "Voice of Customers Questionnaires," available at branches across Japan, via mail or the "Voice of Customers Posts" installed within the branches to convey their opinions and requests. We also receive opinions and requests from customers during visits to them.

2 Analyzing customer feedback

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

CS Voice of Customers Portal: a System for Analyzing Customer Feedback



Examples of Improvement Based on Feedback from Individual Customers

We will pay attention to each customer feedback and use it to realize customer satisfaction. Customers' smiles and words of appreciation give us a sense of fulfillment and

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

*To learn more about "example cases of improvement based on feedback from individual customers," please go to SuMi TRUST Bank's website.

<http://www.smtb.jp/corporate/cs/improvement/personal.html>

Abenobashi Branch

Voice of customer

I feel anxious about what would happen to me if I were alone at the bank when a natural disaster struck.

Improvement

We have placed helmets in a location where customers can easily see them so they can immediately use them in an emergency. Our employees will provide customers guidance in the event of a disaster.



Emergency helmets

Shakujii Branch

Voice of customer

There isn't anywhere to put belongings around ATMs. That makes it harder to use them.

Improvement

We installed two shelves for belongings in between three ATMs. One ATM has enough space so that someone in a wheelchair can access it.

Tokorozawa & Tokorozawa-Ekimaie Branch

Voice of customer

I need to go upstairs. Climbing the branch's stairs is taxing.

Improvement

We installed elevators at branches as part of the renovations that accompanied our branch consolidation. Customers can now use elevators to go as high as the third floor.

Examples of improvement based on feedback from corporate clients

Product improvement case

Trust Business

Improvement

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

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

Service improvement case

Defined Contribution Pension Business

Improvement

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

Normalization Initiatives

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

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

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



Efforts to Enhance Customer Satisfaction Mindfulness

To promote customer satisfaction (CS) improvement activities, “CS Committees” are established in all branches, and they actively conduct various CS improvement activities that match the characteristics of each branch. In addition, solid education and training are provided to employees, to encourage each and every employee to practice a customer-first approach to service on a daily basis.

Reflecting on Business Manners Two Months a Year

We offer programs two months a year—February and August—for employees at all branch offices and head office departments to think about and reflect on business manners in the context of performing their work. Employees reflect broadly on manners, including personal appearance and grooming, how they carry and conduct themselves in an office context, and their greetings and salutations. Discussions where employees share their thoughts are then held at each branch office and head office department, and the results of the discussions are written up in a report.

Customer Service Role Playing

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

Service “Helper”

The service “helper” certification is a way to demonstrate that one is committed to client hospitality and has learned helping skills to support the elderly and disabled in many everyday life situations. About 1,000 companies nationwide have adopted this certification system in their businesses. Among financial institutions, SuMi TRUST Bank was one of the first to incorporate it. Along with initiatives to make barrier-free design a standard feature at our branch offices, we encouraged employees to seek certification so they can feel confident in providing client service. As of October 31, 2015, 160 employees at 62 branch offices have obtained the service “helper” certification.

Various Tools for Improving CS Mindfulness

e-learning (See page 66)	Course name	Content	Eligibility	Month offered
	1H FY2014 Training on client support management	Study preparations for client support management	All employees	May
	August 2014 Office task retraining	Improving the office work capabilities of all employees	All employees	August
	Diligence in basic conduct and improving workplace environments	Self-checks on business manners	All employees	August
	2H FY2014 Training on client support management	Study preparations for client support management	All employees	January
	February 2015 Office task retraining	Improving the office work capabilities of all employees	All employees	February
	February 2015 Reflecting on business manners	Self-checks on efforts to improve business manners	All employees	February
Business manners & handbook	The handbook, given to all employees, starts with instructions on how to answer phone calls and the finer points of proper greetings and has entries on proper carriage and conduct at ceremonial occasions and how to write congratulatory and condolence gift notes. Each employee reads the handbook carefully and uses it as a guide to manners. Moreover, at branch offices, employees seek to remind themselves of the importance of manners and self-improvement by reading the handbook aloud together.			
Sumitomo Mitsui Trust Bank’s compliance manual (see page 79)	The compliance manual, given to all employees, provides a code of conduct as a way to earn the trust of clients and society with entries on what offering an adequate explanation entails, how to properly handle personal information, and ways to respond to anti-social forces. Each employee reads the manual carefully and uses it as a compliance reference, while also gaining an understanding of the latest laws and internal company rules.			

Delivery of Reliable Financial Products and Services

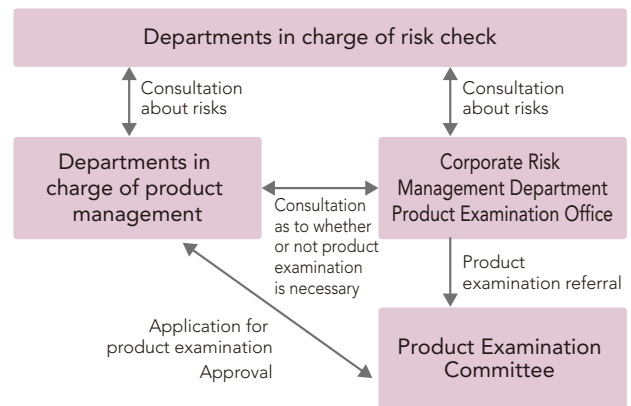
Systems for Introducing New Products and New Operations

When starting to handle new products or when engaging in new operations, it is necessary to identify and evaluate the places and types of inherent risks, develop infrastructure necessary for management and conduct sufficient advance study so as to ensure appropriate risk management. To that end, we have built a product examination system. In this process, we clarify the risks borne by clients. Moreover, in marketing products, we have developed frameworks to ensure explanations and solicitations provide proper confirmation of suitability for clients. In these ways, our systems for introducing new products and operations are meant to foster the trust clients place in us.

Monitoring Systems

In the post-launch phrase, the department responsible for the new product or operation provides quarterly "post-introduction initiative status reports" to the Product Examination Office. Under this management approach, the office confirms initiative status based on the report and whether conditions differ from those assumed in the assessment at the Product Examination Committee. When necessary, the office coordinates with departments in charge of risk checks and management planning in conjunction with the department responsible. As a follow-up risk management measure, the department responsible for the new product or operation must immediately report to the Product Examination Office in the event conditions differ from those assumed in the Product Examination Committee assessment. Likewise, it must report to the office if different risks are assumed than those previously identified. When necessary, the office coordinates with departments in charge of risk checks and examines response options at the Product Examination Committee.

Flow Chart of Introduction of New Products and New Operations

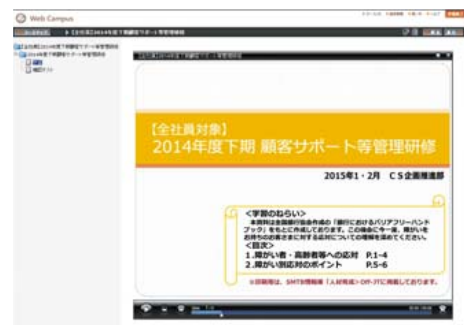


Applying Customer Feedback

As one plank in our approach to client protection management vis-à-vis the products and services we offer, the Group recognizes it is best to go beyond responding to complaints as we field inquiries, advice and requests from clients. We believe feedback from clients is a valuable source of information for identifying problems involving compliance and ways to improve operations. Rather than passively processing advice and complaints we hear from clients, we strive to respond with sincerity and actively take onboard feedback in ways that improve the quality of our products and services. When we receive advice or complaints, we work to resolve issues quickly, doing our utmost to respond swiftly and sincerely to ensure we have gone as far as we can to obtain the understanding and acceptance of our clients (see page 62).

SuMi TRUST Bank's e-learning

At SuMi TRUST Bank, all employees can enroll in e-learning capsules that are available online at "Web Campus," an information portal for employees. The departments in charge design the capsules so the content can be learned in five to ten minutes. For e-learning courses employees are required to complete, there are self-check tests employees can take to confirm their level of comprehension. Moreover, department supervisors manage mandatory courses to ensure all the employees they oversee learn the required content and their department completion rate reaches 100%.



Sustainability Policy 3

Earn the Trust of Society

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



Corporate Governance

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



1 Basic Policy

In order to adhere to the principles of sound management based on a high degree of self-discipline with the background of fiduciary spirit and establish strong credibility from society, Sumitomo Mitsui Trust Holdings ("SuMi TRUST Holdings") shall commit itself to enhancing its corporate governance system in line with the following fundamental perspectives, with the objective of supporting sustainable growth and

medium- to long-term enhancement of the corporate value of the Sumitomo Mitsui Trust Group ("SuMi TRUST Group"). The Board of Directors has published SuMi TRUST Group's management principles (mission), ideal model (vision), and codes of conduct (value) as the general principle for its management, which shall be shared by all the officers and employees of SuMi TRUST Group and relied upon in all activities.

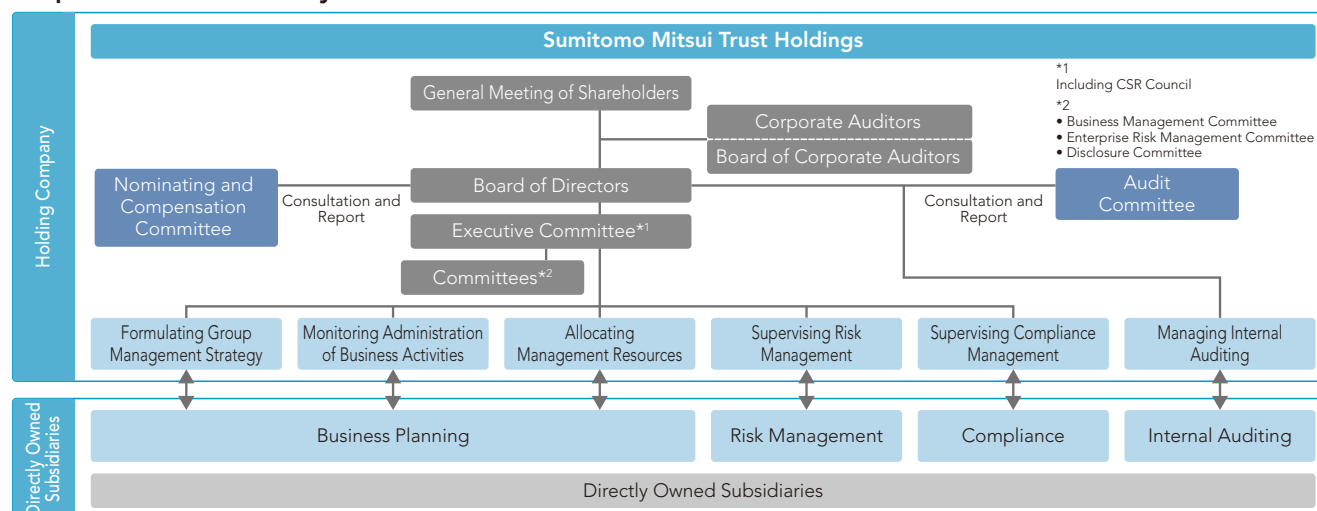
Fundamental Perspectives

- SuMi TRUST Holdings shall respect shareholder rights, and endeavor to develop an environment in which shareholders can exercise their rights appropriately and effectively, and to secure effective equal treatment of shareholders.
- By recognizing the importance of its social responsibilities and public mission, SuMi TRUST Holdings shall endeavor to appropriately cooperate with its stakeholders such as shareholders, customers, employees, business partners, and local communities, and to establish a corporate culture where it conducts sound business operations based on a high degree of self-discipline.
- In order to establish the basis for constructive dialogue with its stakeholders, SuMi TRUST Holdings shall separately set out its

Disclosure Policy, and endeavor to appropriately disclose corporate information, including non-financial information, and ensure the transparency of its corporate management.

- As a financial holding company with the function of managing the business execution of the SuMi TRUST Group, SuMi TRUST Holdings shall endeavor to ensure the Board of Directors' role of effective oversight of the business execution.
- SuMi TRUST Holdings shall engage in constructive dialogue with its stakeholders in order to contribute to sustainable growth and medium- to long-term enhancement of the corporate value of SuMi TRUST Holdings.

Corporate Governance System



2 Outline of Corporate Governance System

(1) Perspectives Regarding SuMi TRUST Holdings' Corporate Governance System

The SuMi TRUST Group is a trust bank group, which is formed around Sumitomo Mitsui Trust Bank ("SuMi TRUST Bank"), a core subsidiary with significant expertise developed over the years and with wide business fields that enable the provision of a one-stop total solution service. With the objective of meeting its stakeholders' expectations, SuMi TRUST Group shall further ensure the transparency of its management, and shall develop a system necessary to enhance its corporate governance system.

(2) Organizational Structure of Corporate Governance

SuMi TRUST Holdings adopts the system of a company with a Board of Corporate Auditors in which directors who are thoroughly familiar with businesses determine the execution of important business and establishes a Board of Corporate Auditors with at least half of the corporate auditors being external auditors.

(3) Roles of the Board of Directors

The Board of Directors shall oversee overall management and ensure fairness and transparency of SuMi TRUST Holdings' corporate management. In addition, the Board of Directors shall make decisions for SuMi TRUST Group by, among other things, deciding important business-execution matters to be decided by the Board of Directors as required by laws. Except for the important business-execution matters, the Board of Directors shall delegate business execution and decision-making thereon to subordinate meetings, such as the Executive Committee, and officers exercising control over the relevant business, etc., and the Board of Directors shall oversee the execution of duties by such meetings and officers, etc.

External directors shall oversee the execution of business by the Board of Directors and the top management, and any conflicts of interest that may arise between SuMi TRUST Holdings and the management team, etc., from the standpoint of stakeholders, in order to support sustainable growth and medium- to long-term enhancement of the corporate value of SuMi TRUST Group.

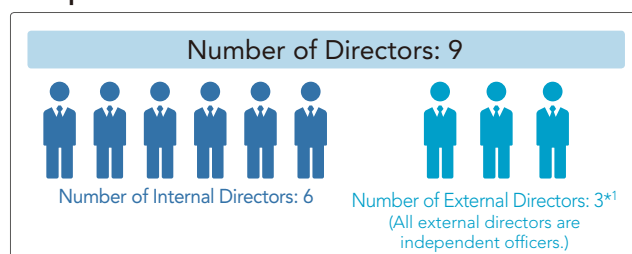
In light of the importance of environmental and social issues over sustainability, the Board of Directors shall prescribe the basic policy regarding social responsibility to be implemented by each group company (the "Sustainability Policy"). With the Sustainability Policy, the Board of Directors shall enhance awareness of its officers and employees, and promote positive efforts to resolve these issues by considering its stakeholders, aiming to support the sustainable growth of society and increase the corporate value of SuMi TRUST Group.

(4) Composition of the Board of Directors

The Board of Directors of SuMi TRUST Holdings shall have no more than 15 directors, which is the number of directors prescribed in the Articles of Incorporation, and it shall basically comprise such number of directors as shall be necessary and appropriate to secure an effective management system of SuMi TRUST Group and substantive discussion at the Board

of Directors. However, due consideration shall also be given to securing diversity and professionalism at the Board of Directors in deciding such number. In light of the importance of external directors' functions in corporate governance, SuMi TRUST Holdings shall operate the Board of Directors with at least one-third of the directors being independent external directors, in principle. For the Independence Standards of Independent External Officers established by SuMi TRUST Holdings, please refer to our website (http://www.smth.jp/en/about_us/governance/independence.pdf).

Composition of the Board of Directors



*1 SuMi TRUST Holdings has notified the financial instruments exchange that all three external directors are independent officers.

*2 For details, please refer to our website (http://www.smth.jp/en/about_us/officer/index.html).

(5) Qualification of Directors and Nomination Procedures

SuMi TRUST Holdings' candidates for directors are decided from among a wide range of diversified individuals pursuant to the following nomination policies: (i) A person with abundant knowledge and experience regarding the management administration and business operation of a trust bank group; and (ii) A person who fully understands the social responsibility and mission of banking business and the fiduciary spirit of trust business, and who is able to fairly and appropriately implement management administration and business operation based on a high degree of self-discipline.

The candidates for external directors are decided from among a wide range of diversified individuals pursuant to the following nomination policies: (i) A person who satisfies the Independence Standards of SuMi TRUST Holdings, and who is deemed unlikely to give rise to conflicts of interest with general shareholders of SuMi TRUST Holdings; (ii) A person who understands SuMi TRUST Holdings' management principles, and fully understands the social responsibilities and roles of SuMi TRUST Holdings as a trust bank group; and (iii) A person who fully recognizes the role of external director, and who is able to oversee SuMi TRUST Holdings' directors and management, and provide proper and appropriate opinions and advice, by leveraging the person's knowledge and activities in fields such as corporate management, economics, legal affairs, accounting, tax accounting, and auditing.

Reasons for the Appointment of External Directors

Soichi Shinohara: Professor Shinohara concurrently serves as President of Kyoto Gakuen University and Emeritus Professor of Doshisha University. He was appointed as an external director as he was expected to offer his wealth of knowledge

about, and sophisticated insight into, economic issues both at home and abroad to further enhance the quality of SuMi TRUST Holdings' management. He developed his knowledge and insight in his capacity as an economist specializing in international economics and macroeconomics.

Takeshi Suzuki: Mr. Suzuki had held numerous prominent positions at Toyota Motor Corporation and Aioi Nissay Dowa Insurance Co., Ltd. Currently, he concurrently serves as an external director of AICHI CORPORATION. He was appointed as an external director as he was expected to offer his wealth of experience and extensive insight developed in his capacity as a senior executive of a company to SuMi TRUST Holdings' management.

Mikio Araki: Mr. Araki served as the Deputy President and Representative Director of Development Bank of Japan Inc. He concurrently serves as President of The Japan Economic Research Institute, an external director of Kintetsu Group Holdings Co., Ltd. and an external auditor of Japan Freight Railway Company. He was appointed as an external director as he was expected to bring his wealth of experience and deep insight into finance as a business leader to SuMi TRUST Holdings' management.

External Directors' Attendance at Board of Directors Meetings

Soichi Shinohara	Attended all 11 Board of Directors meetings	Attendance rate 100%
Takeshi Suzuki	Attended all 7 Board of Directors meetings	Attendance rate 100%
Mikio Araki	Attended all 7 Board of Directors meetings	Attendance rate 100%

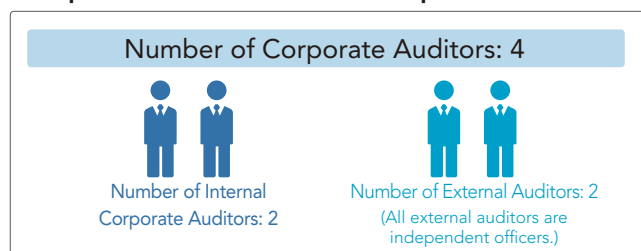
* Attendance for Soichi Shinohara refers to the period from April 2015 through November 30, 2015, and for Takeshi Suzuki and Mikio Araki refer to the period from June 2015 through November 30, 2015.

(6) Composition of the Board of Corporate Auditors

SuMi TRUST Holdings has adopted the corporate auditor system. The Board of Corporate Auditors comprises a total of four corporate auditors, including two full-time corporate auditors and two part-time corporate auditors (external auditors). In order to ensure the independence of the auditing function, two of the corporate auditors are external auditors. Furthermore, the two external auditors meet the Independence Standards of SuMi TRUST Holdings and thus have been designated as independent officers.

Corporate auditors attend important meetings including the Board of Directors meetings and receive reports from directors

Composition of the Board of Corporate Auditors



* For details, please refer to our website (http://www.smth.jp/en/about_us/officer/index.html).

and the headquarters on the status of execution of duties as well as business reports from subsidiaries as necessary.

(7) Qualification of Corporate Auditors and Nomination Procedures

SuMi TRUST Holdings' candidates for corporate auditors are decided from among a wide range of diversified individuals pursuant to the following nomination policies, with the approval of the Board of Corporate Auditors: (i) A person with abundant knowledge and experience regarding the management administration and business operation of a trust bank group; and (ii) A person who is able to oversee the execution of duties by directors from a fair and objective standpoint and contribute to enhancing the soundness and transparency of SuMi TRUST Holdings' management.

The candidates for external auditors are decided from among a wide range of diversified individuals pursuant to the following nomination policies, with the approval of the Board of Corporate Auditors: (i) A person who satisfies the Independence Standards of SuMi TRUST Holdings, and who is deemed unlikely to give rise to conflicts of interest with general shareholders of SuMi TRUST Holdings; (ii) A person who understands SuMi TRUST Holdings' management principles, and fully understands the social responsibilities and roles of SuMi TRUST Holdings as a trust bank group; and (iii) A person who fully recognizes the role of external auditor and who is able to oversee the execution of duties by directors from a neutral and objective standpoint, by leveraging the person's knowledge and activities in fields such as corporate management, economics, legal affairs, accounting, tax accounting, and auditing, and who is thereby able to contribute to enhancing the soundness and transparency of SuMi TRUST Holdings' management.

Reasons for the Appointment of External Auditors

Tetsuya Yoshimoto: Mr. Yoshimoto had held numerous prominent positions as a judge and has a wealth of experience in the legal community, including serving as the Chairman of the National Public Service Ethics Board after he retired from his position as a judge, and has a high sense of morality. He was appointed as an external auditor as he was expected to offer his experience and a high sense of morality to further enhance the quality of audits at SuMi TRUST Holdings.

Shinichi Saito: Mr. Saito concurrently serves as Representative Director, President and CEO of Japan Industrial Solutions Co., Ltd. and External Director of Sharp Corporation. He was appointed as an external auditor to further enhance the quality of audits at SuMi TRUST Holdings. He was expected to offer his wealth of experience in, and insight into, areas

External Auditors' Attendance at Board of Corporate Auditors Meetings

Tetsuya Yoshimoto	Attended all 11 Board of Corporate Auditors meetings	Attendance rate 100%
Shinichi Saito	Attended all 11 Board of Corporate Auditors meetings	Attendance rate 100%

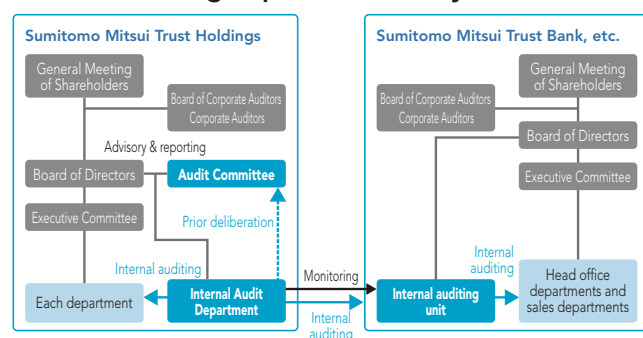
* Attendance in the period from April to November 30, 2015

including treasury, accounting, overseas business, finance, and corporate rehabilitation, drawing on his career in the finance functions at a major trading conglomerate as well as in the consulting business at a leading auditing firm.

(8) Internal Auditing

Regarding internal auditing, an internal audit unit, which is independent of units pertaining to business execution, has been established to create the policy on development of the internal auditing system and internal audit plans of SuMi TRUST Group. It also performs internal auditing for each business execution unit and indicates and recommends points to be improved. The results of internal audits and the status of internal auditing plans in terms of progress and objectives achieved are reported to the Board of Directors, etc., in a timely and appropriate manner. Effective June 26, 2015, the Audit Committee was established as an advisory board to the Board of Directors. The Audit Committee deliberates in advance on important matters including the internal audit plans and reports the results of the deliberation to the Board of Directors.

Internal Auditing Implementation System



(9) Policies Regarding Training of Directors and Corporate Auditors

SuMi TRUST Holdings collects and provides information regarding industry movement, corporate governance, finance and accounting, and any other matters, which is required by directors and corporate auditors in order to perform their roles and functions, and it thereby supports directors' and corporate auditors' execution of duties. The "External Officers Support Office" was established in June 2015 in order to strengthen supporting systems to fulfill the functions of external directors and external auditors. The External Officers Support Office provides support to external directors by explaining proposals, etc., to the Board of Directors in advance and providing materials and the like.

For external auditors, full-time corporate auditors report audit information collected through daily audit activities such as minutes of important meetings and investigation results of SuMi TRUST Holdings and its subsidiaries and share information at the Board of Corporate Auditors. At the same time, staff members of the Corporate Auditors Office who are independent of the execution of business provide support to external auditors by providing materials and explanations and answering questions.

(10) Outline of Results of Analysis and Evaluation Concerning the Effectiveness of the Board of Directors as a Whole

The secretariat of Board of Directors regularly arranges occasions for hearings for external directors and corporate auditors to review, among other things, the effectiveness of the Board of Directors, the operational structure (such as advance information provision and support), and subjects that should be discussed with the Board of Directors. After sharing the results with the Chair of the Board of Directors, SuMi TRUST Holdings implements necessary improvements, contributing to the enhancement of the operation of the Board of Directors. At the end of the fiscal year, SuMi TRUST Holdings assesses the effectiveness of the Board of Directors and reports the results to the Board of Directors, as well as making further efforts to ensure its effectiveness.

(11) Establishment of Voluntary Committees

In order to further enhance its corporate governance system, SuMi TRUST Holdings establishes the Nominating and Compensation Committee and the Audit Committee, in which external directors participate, as advisory bodies to the Board of Directors.

Outline of the Nominating and Compensation Committee (as of September 30, 2015)

Chair: Mikio Araki (External Director)
 Member: Soichi Shinohara (External Director)
 Member: Takeshi Suzuki (External Director)
 Member: Hitoshi Tsunekage (Chairman)
 Member: Kunitaro Kitamura (President)

In principle, the majority of the Committee members consists of external directors.

Main consultation matters

- The nomination of candidates for directors and corporate auditors
- The Independence Standards of independent external officers
- The compensation structure for officers
- Other important matters regarding officers

Outline of the Audit Committee (as of September 30, 2015)

Chair: Soichi Shinohara (External Director)
 Member: Takeshi Suzuki (External Director)
 Member: Mikio Araki (External Director)
 Member: Yoshiaki Koshimura (Officer responsible for SuMi TRUST Holdings' Internal Audit Department)
 Member: Masahiro Tsuchiya (Officer responsible for SuMi TRUST Bank's Internal Audit Department)

In principle, the majority of the Committee members consists of external directors.

Main consultation matters

- Internal audit plans
- Other important matters regarding the internal audit

3 Compensation for Directors

Compensation for directors is intended to function effectively as an incentive for improvement of corporate performance and expansion of corporate value in order to realize stable and sustainable growth of the SuMi TRUST Group.

(1) Compensation Structure

SuMi TRUST Bank, core subsidiary of SuMi TRUST Holdings, engages in businesses in a wide field of business. SuMi TRUST Holdings has adopted a management style that aims to increase profits through efforts to increase the scale of entrusted assets and the like by expanding the customer base over the medium- to long-term rather than seeking short-term profit. With these features of a trust bank as the background, the systems and structures for compensation of directors have been established, not focusing on single-year performance evaluation in which short-term contribution to profit is emphasized, but focusing on officers' qualifications and capabilities as senior management, and based on a comprehensive evaluation that reflects assessment of medium- to long-term performance. Specifically, the following structure is applied to compensation of directors (excluding external directors) and executive officers of SuMi TRUST Holdings and SuMi TRUST Bank.

- In principle, payment shall be made as a combination of monthly compensation, officers' bonus, and stock-compensation-type stock options, and the compensation policy and compensation table for each fiscal year shall be resolved at the Board of Directors meeting.
- The monthly compensation is separated into two types: "fixed compensation" that is a fixed amount per position, and "performance-based compensation" that is based on each individual officer's evaluation of the preceding year while also reflecting the officer's medium- to long-term performance contribution as well.
- Allocated amounts of officers' bonuses shall be determined by deciding the total payment amount taking into consideration the overall management environment, corporate performance and the like and reflecting each individual officer's performance in the preceding fiscal year.
- With regard to the stock-compensation-type stock options, the number of stock option rights shall be determined based on the number of stock option rights per position with an adjustment for each individual officer's performance evaluation and the like.
- The share ownership plan of officers is a mechanism by which individual officers shall voluntarily determine their invested amounts based on the target number of share ownership defined per position.

The compensation to external directors of SuMi TRUST Holdings and SuMi TRUST Bank shall be composed of the fixed monthly compensation alone and resolved at the Board of Directors meeting, taking into consideration the business conditions of SuMi TRUST Holdings, compensation level of its internal directors, general standards and the like.

The compensation to corporate auditors of SuMi TRUST Holdings and SuMi TRUST Bank shall be composed of the

fixed monthly compensation alone and the suitable level for corporate auditors of SuMi TRUST Holdings and SuMi TRUST Bank shall be discussed with corporate auditors and then determined, taking into consideration the business conditions of SuMi TRUST Holdings, compensation levels of corporate directors, general standards and the like.

(2) Procedures to Determine Compensation

In SuMi TRUST Holdings and SuMi TRUST Bank, the compensation structure and compensation table for directors and executive officers, and compensation amounts of individual officers shall be determined by the following procedures:

- The Nominating and Compensation Committee that was established as an advisory body to the Board of Directors of SuMi TRUST Holdings shall consider matters relating to officers' compensation of SuMi TRUST Holdings and SuMi TRUST Bank (officers' compensation structure, officers' compensation table and other important matters) and then report it to the Boards of Directors of each of them.
- In principle, a majority of the Nominating and Compensation Committee members shall be external directors, and the chair shall be selected from external directors, in principle, through a mutual election by the members.
- The monthly compensation amounts, bonus amounts, and the number of stock-compensation-type stock option rights and the like for individual directors (excluding external directors) and executive officers of SuMi TRUST Holdings and SuMi TRUST Bank based on the performance evaluation shall be proposed at the performance evaluation meeting that is composed of SuMi TRUST Holdings' internal officers and resolved at the Board of Directors meeting.
- Details of the determined compensation amount and the like shall be reported at the explanatory meeting for external directors and external corporate auditors of SuMi TRUST Holdings and SuMi TRUST Bank. This meeting is organized in order to establish an opportunity to hear opinions from an objective standpoint.

(3) Compensation for FY2014

The total amount of compensation for FY2014 for directors excluding external directors was 506 million yen, and for corporate auditors excluding external auditors was 57 million yen. SuMi TRUST Holdings has omitted individual disclosures of compensation as no one received compensation of 100 million yen or more, the amount subject to the disclosure requirements.

Total Amount of Compensation for Applicable Officers at SuMi TRUST Holdings

(From April 1, 2014 to March 31, 2015)

Millions of Yen

Category	Headcount	Total amount of compensation	Total amount of fixed compensation	Basic compensation	Total amount of variable compensation	Bonus	Compensation as stock option	Retirement benefits
Directors (excluding External Directors)	8	506	401	401	64	64	41	—
Corporate Auditors (excluding External Auditors)	2	57	57	57	—	—	—	—

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

4 Regarding Cross-Shareholdings

(1) Policies Regarding Cross-Shareholdings

The SuMi TRUST Group shall not acquire and hold the shares, etc. of its business counterparty, etc. (the "Cross-Shareholding Shares"), except in the case where it is deemed that such acquisition and holding will contribute to medium- to long-term enhancement of the corporate value of the SuMi TRUST Group, from the perspective of, among other things, establishing a stable transactional relationship over the long-term, business alliance, or facilitating or reinforcing collaborative business development with the business counterparty, in principle.

Regarding major ones from among the Cross-Shareholding Shares, SuMi TRUST Holdings shall verify, and report at a Board of Directors meeting regarding, the medium- to long-term economic rationale for holding them, and the effect of holding them from the aspect of maintaining and enhancing the overall relationship with the business counterparties, etc.

In principle, the SuMi TRUST Group shall sell the Cross-Shareholding Shares in the case where the significance and rationality of holding them is not observed, after taking into consideration various factors, including the impact of selling the shares on the stock market.

(2) Standards for Voting on Cross-Shareholding Shares

SuMi TRUST Holdings and SuMi TRUST Bank, which is a core

subsidiary of SuMi TRUST Holdings, shall decide to vote for or against each agenda and exercise voting rights pertaining to the Cross-Shareholding Shares (the "Voting Rights"), after comprehensively taking into consideration the business conditions, etc. of the issuing company of the Cross-Shareholding Shares (the "Issuing Company"), as well as the impact to sustainable growth and medium- to long-term enhancement of the corporate value of the Issuing Company and the SuMi TRUST Group.

In the case that SuMi TRUST Holdings or SuMi TRUST Bank is required to pay special attention upon the exercise of the Voting Rights due to a long-term downturn of business conditions, a reorganization, or an occurrence of significant compliance violations, etc., of the Issuing Company, SuMi TRUST Holdings or SuMi TRUST Bank shall decide to vote for or against each agenda after collecting enough information through a variety of methods including engaging in dialogue with the Issuing Company.

In the case that there is a risk of conflicts of interest upon the exercise of the Voting Rights, SuMi TRUST Holdings and SuMi TRUST Bank shall properly deal with the risk pursuant to the Management Policy Concerning Conflicts of Interest prescribed separately.

5 Measures for Protection of Stakeholders' Interests

(1) Management System of Related Party Transactions

When SuMi TRUST Group engages in transactions with its officers or major shareholders, etc., the transactions shall be referred to the Board of Directors for prior approval, in order to ensure that such transactions do not harm, among other interests, the interests of SuMi TRUST Group or the common interests of its shareholders, except where the trading terms are obviously equivalent to those of general transactions.

(2) Management System of Transactions Involving Conflict of Interest with Customers in SuMi TRUST Group's Business Operations

SuMi TRUST Group shall separately prescribe the Management Policy Concerning Conflicts of Interest (the

"Management Policy") pursuant to laws, etc., in order to ensure that none of the various services provided by each group company and its related parties unfairly harm the interests of its customers. Pursuant to the Management Policy, SuMi TRUST Group shall appropriately manage transactions that may give rise to a conflict of interest, and shall properly implement its business operations.

(3) Compliance Hotline System

In order to promptly and appropriately respond to any violation of laws, etc., SuMi TRUST Group has established a compliance hotline system where all officers and employees can directly report to the Compliance Department or external law firms.

6 Internal Control

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

At SuMi TRUST Holdings, in order to accomplish the four abovementioned objectives, the Board of Directors decides on the Basic Policy on Internal Control.

Basic Policy on Internal Control System Structure



7 Regarding Constructive Dialogue with Shareholders

SuMi TRUST Holdings has established the Policy for Constructive Dialogue with Shareholders, etc. as provided in the “Basic Policy on Corporate Governance”:

- SuMi TRUST Holdings shall emphasize constructive dialogue with its shareholders, etc., and shall endeavor to engage in dialogue with its shareholders, etc. through various opportunities under the initiative of its senior management.
- Through constructive dialogue, SuMi TRUST Holdings shall endeavor to obtain the understanding of its shareholders, etc. regarding SuMi TRUST Holdings’ management

policies, and it shall endeavor to support sustainable growth and medium- to long-term enhancement of the corporate value of the SuMi TRUST Group, by absorbing and reflecting analyses of management administration and views from the perspective of capital providers, etc. through listening to the voice of the shareholders, etc.

To promote constructive dialogue with shareholders, SuMi TRUST Holdings actively conducts IR activities. For details, including the specific efforts and measures, please refer below.

Activities Regarding IR

	Supplemental remarks
Preparation and publication of disclosure policy	SuMi TRUST Holdings has established the Disclosure Policy and disseminates it externally, as well as to SuMi TRUST Group's officers and employees for the purpose of appropriately implementing it. The Disclosure Policy serves as SuMi TRUST Group's IR activity guidelines, setting forth that we should make efforts to proactively disclose corporate information which we deem useful for our shareholders, investors, etc. in understanding the SuMi TRUST Group, adopting timeliness, accuracy, and fairness as basic requirements therefor.
Regular information meetings for individual investors	SuMi TRUST Holdings holds corporate briefings via securities companies and so on, where the representative director, and the officer and employee in charge of IR explain SuMi TRUST Group's characteristics, earnings results and financial condition, and management strategies, etc.
Regular information meetings for analysts and institutional investors	SuMi TRUST Holdings holds investor meetings semi-annually (around May and November), inviting securities company analysts and institutional investors, with the representative director explaining SuMi TRUST Group's earnings results and management strategies, etc. Further, SuMi TRUST Holdings holds one-on-one and group meetings for analysts and institutional investors from time to time, with the representative director, and the officer and employee in charge of IR providing explanations.
Regular information meetings for overseas investors	SuMi TRUST Holdings' representative director, or the officer in charge of IR, visits major institutional investors in the U.S., Europe, and Asia, etc. several times per year, explaining SuMi TRUST Group's earnings results and financial condition, and management strategies, etc. Further, SuMi TRUST Holdings regularly participates in IR conferences organized in Japan by securities companies for overseas institutional investors, as well as participates in such conferences held overseas.
Posting of IR materials on website	Promptly after their announcement, SuMi TRUST Holdings discloses various types of IR information and information for shareholders, etc. on its website. The types of information disclosed are, among others, as follows: financial results and related explanatory materials; annual securities reports; quarterly securities reports; summary of financial results; investor meetings' presentation materials; the Basic Policy on Corporate Governance; stock information; business reports, annual reports, convocation notices for general shareholders' meetings; results of voting, etc. Videos of investors meetings and corporate briefings for individual investors are also posted on the website. Further, on the page of its website entitled “For Individual Investors,” explanation is provided for individual investors regarding SuMi TRUST Group's business and operational results in an easy-to-understand format. For overseas institutional investors, too, SuMi TRUST Holdings provides various types of IR information and so on in a timely manner via its English website. Japanese URL: http://smth.jp/IR/index.html English URL: http://smth.jp/en/IR/index.html
Establishment of department and/or manager in charge of IR	SuMi TRUST Holdings has appointed an officer in charge of IR, as well as established the IR Department as the section in charge of daily IR activities. SuMi TRUST Holdings makes efforts to appropriately disclose corporate information, as well as aiming for highly transparent corporate management through proactive IR activities and constructive dialogues with both domestic and foreign shareholders and investors. Officer in charge of IR: Yukihiro Kitano, Senior Managing Executive Officer Section in charge of IR: IR Department The General Manager of the IR Department serves as the administrative IR contact person.
Others	<Internal organic cooperation to assist dialogues with shareholders> Through cooperation with the management team and each section, the officer in charge of IR and the section in charge of IR endeavors to appropriately understand management information and other internal information, and make efforts to disclose such information in a timely, accurate, and fair manner, as well as leverage such information for the purpose of constructive dialogue with shareholders and investors. <Feedback regarding shareholders' opinions and IR activities to the management team and the Board of Directors> We provide timely and appropriate feedback to the management team regarding opinions or concerns, etc. expressed by shareholders, investors, and analysts, etc. In addition to an overall report on IR activities, reports regarding such opinions or concerns, etc. shall be regularly made to the Board of Directors. <Management of insider information during dialogues> For the purpose of the management of insider information, the SuMi TRUST Group regularly disseminates, within the SuMi TRUST Group, the laws, regulations, and rules, etc. which the SuMi TRUST Group is bound to comply with, as well as instructions for the appropriate handling of insider information. Strict management and operation is also conducted during dialogues with shareholders and investors.

8 CSR of Sumitomo Mitsui Trust Group

Fundamental Perspectives

SuMi TRUST Group's Basic Policy on Corporate Governance sets out the role of the Board of Directors as working to support the sustainable growth of society and increasing the corporate value of SuMi TRUST Group by promoting active efforts to resolve environmental and social issues in consideration of its stakeholders. "Creating shared value" is the concept of pursuing social value together with corporate value. It has long been an issue ingrained in SuMi TRUST Group's management.

Dealing with issues of sustainability at the working level is SuMi TRUST Group's approach to CSR. As sustainability issues can be broken down into the three elements of environment, society and governance (ESG), we have defined our CSR to be the incorporation of ESG into our daily business processes.

Meanwhile, ESG stems from the concept of responsible investment that strives to balance the interests of various stakeholders while pursuing long-term corporate value (share prices). In other words, responsible investment is described as an investment method that assesses shared value. Therefore, SuMi TRUST Group puts particular emphasis on the perspective of responsible investment. It also serves as the starting point for the identification of materiality and undertaking internal engagements.

Structure for Promoting CSR Activities

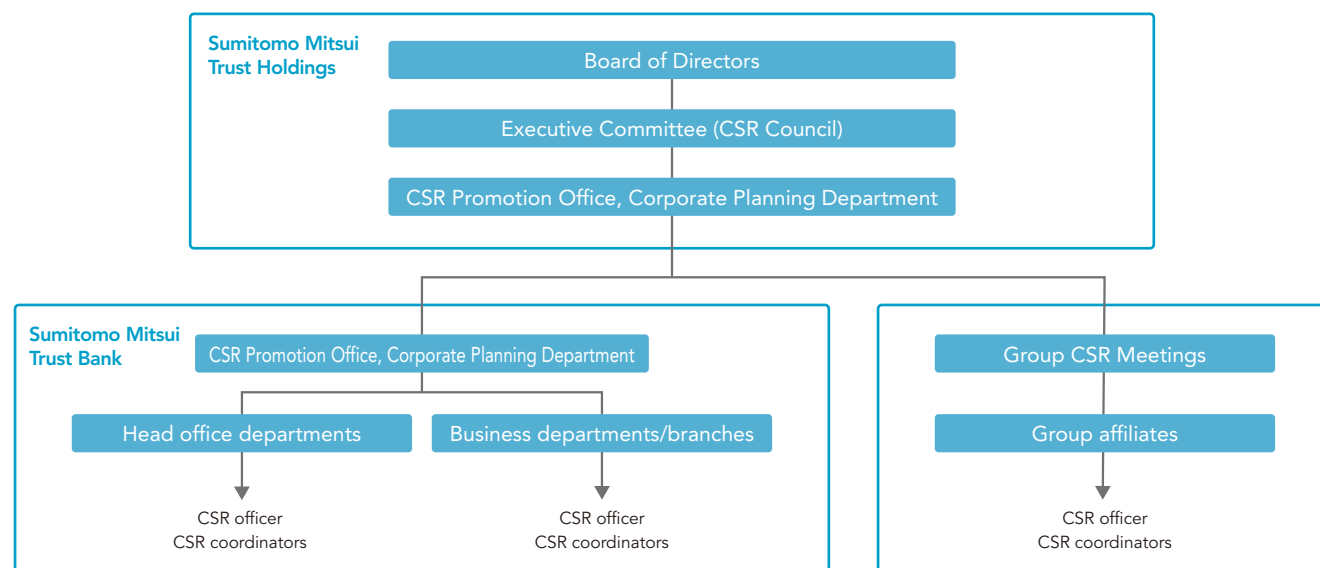
1) The Board of Directors formulates the Sustainability Policy, while managing CSR activities as a whole in an effort to enhance the awareness of officers and employees of SuMi TRUST Group. The Board of Directors also conducts multifaceted discussions mainly on themes of high materiality

towards the creation of shared value and determines the direction which SuMi TRUST Group is to take.

- 2) The CSR Council, which is held as part of the Executive Committee, formulates the CSR medium-term policies as well as the policies for each fiscal year and manages the CSR activities of SuMi TRUST Group based on the PDCA cycle.
- 3) The CSR Promotion Office, Corporate Planning Department plays an integral role in promoting the CSR activities of SuMi TRUST Group based on the instructions of officers in charge (see page 76).
- 4) CSR officers and CSR coordinators have been appointed at each group company and each branch of the SuMi TRUST Bank to play a role in promoting CSR activities, as well as promoting activities that reduce the environmental burden at each office and leading "With You" activities (see page 112).
- 5) Group affiliates promote CSR activities by formulating policies on shared initiatives throughout SuMi TRUST Group and on each of the affiliates' own initiatives specific to the business. Additionally, Group CSR Meetings are held regularly to exchange information.

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

SuMi TRUST Group's Structure for Promoting CSR Activities



The Four Pillars Supporting Activities of the CSR Promotion Office

ESG Management that aims to create shared value

- Identification of materiality and inputs to management
- Dialogues with ESG-related departments through internal engagement
- Promotion of CSR activities that take into account the PDCA cycle, based on the CSR medium-term policies and yearly policies
- Information disclosures using CSR reports and the website and dialogues with responsible investors, etc.

Development of innovative products and services and rolling out CSV business

- Development of innovative financial instruments and services that will contribute to solving environmental* and social issues



* We have coined the word "Eco-Trustution" to describe initiatives that provide solutions to ecological issues through the use of our trust function, and we are actively promoting such initiatives.

- Development of "With You" strategies to address issues unique to each region stemming from the issues of an aging society

Penetration of CSR and development of the awareness of officers and employees

- Promotion of "With You" activities at the business departments and branches, granting budgets, managing points and managing blogs
- Holding various meetings
 - Group CSR meetings
 - Global ESG meetings
 - ESG Risk Response Project Team
 - Human Rights Due Diligence Liaison Committee
 - LGBT Matter Information Liaison Committee



Building sound relationships with stakeholders

- Exchanging information with NPOs/NGOs in Japan and overseas, government organizations and universities, etc., and understanding the needs of stakeholders
- Actively participating in international initiatives (UNEP FI, United Nations Global Compact, Business and Biodiversity Initiative, Natural Capital Declaration, etc.)
- Actively participating and playing a leading role in financial alliance projects in Japan (Principles for Financial Action for the 21st Century, COLTEM Financial Satellite, etc.)

CSR Medium-term Policies/FY2015 Policies

(1) CSR Medium-term Policies (FY2014 to FY2016)

Integrating ESG into day-to-day operations, SuMi TRUST Holdings will set the position of CSR as the foundation of SuMi TRUST Group's sustainable growth

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

(2) FY2015 CSR Policies

Themes	FY2015 CSR Policies
Building an ESG management system of international standards	<ul style="list-style-type: none"> • SuMi TRUST Holdings will complete the identification of materiality, pass on the results to the related departments and utilize them to compile the materiality map (reinforcement of non-financial information disclosure through the CSR Report). • SuMi TRUST Holdings will strengthen ESG risk management in loan operations by becoming a signatory of the Equator Principles and other initiatives. • SuMi TRUST Holdings will lay out the basic concept of the integrated report in preparation for its issue in FY2016.
Developing SCV businesses for building a sustainable society	<ul style="list-style-type: none"> • SuMi TRUST Holdings will play a commanding role in sales that leverage the added-value of ESG, which is attracting attention in various aspects. • SuMi TRUST Holdings will gain additional insight into the issues of the super-aging society and strengthen capabilities for providing information to each business. • SuMi TRUST Holdings will further strengthen energy-related financing, particularly renewable energy.
Working to expand the business scope	<ul style="list-style-type: none"> • SuMi TRUST Holdings will take advantage of the rising interest in the two codes as a favorable business opportunity and proactively provide information from an investor's perspective.

Compliance and Conducting Business Activities Fairly

1 Basic Initiative Policy

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

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

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

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

2 Outline of Initiatives

Group Compliance System

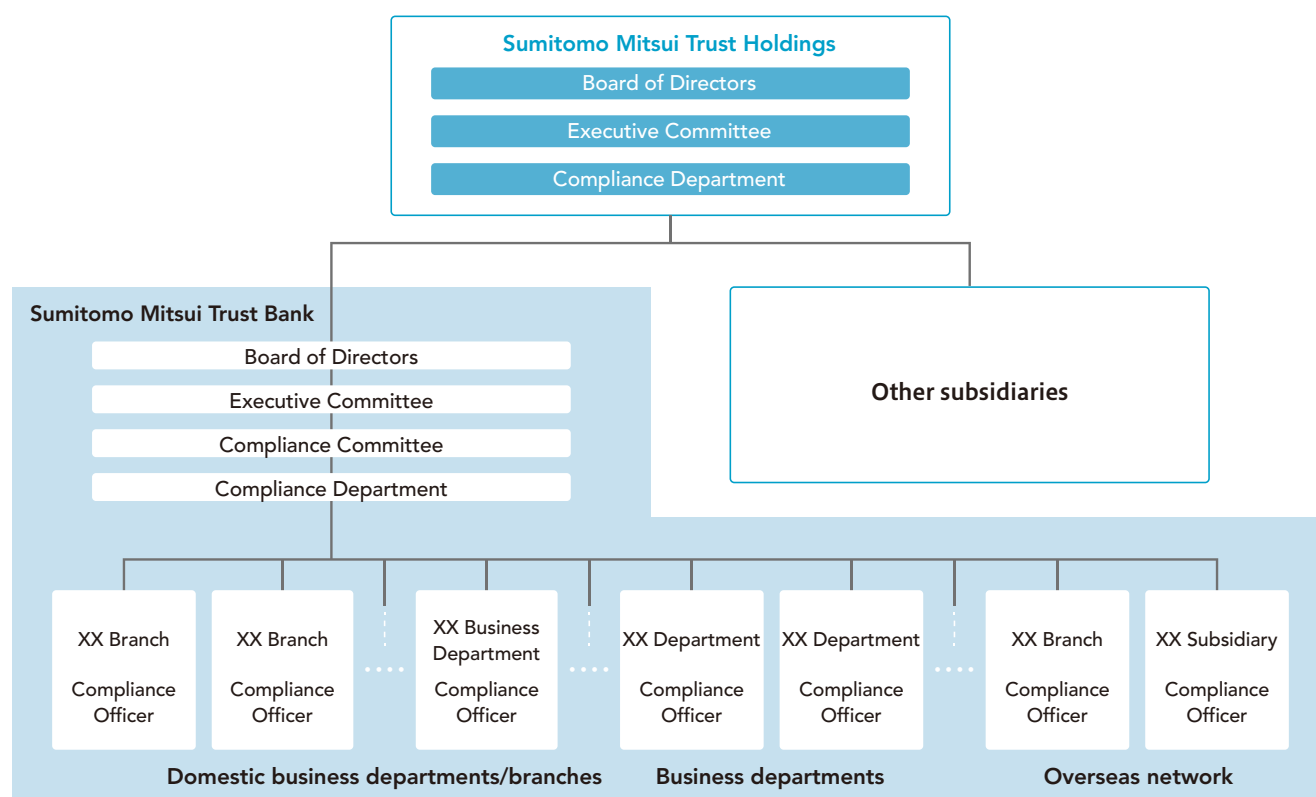
The Group positions supervision of the entire group's compliance structure as one of the most important functions of the SuMi TRUST Holdings' Compliance Rules establish standards which executives and employees must follow.

For specific practice plans in various measures on

compliance, a Compliance Program is made each fiscal year, and progress status is periodically assessed.

The roles of the Board of Directors, Executive Committee and other bodies are as follows.

Group Compliance Structure



The Roles of the Board of Directors, Executive Committee and a Director in Charge of the Compliance Department

- 1) The Board of Directors regards the achievement of thorough compliance at the SuMi TRUST Holdings and other group companies as the most important management matter. The Board supervises the development of the compliance system by developing and raising awareness of the compliance policy, Compliance Manual and Compliance Program, as well as developing organizational structures and monitoring and evaluating progress.
- 2) The Executive Committee makes decisions on matters concerning compliance and undertakes preliminary discussions of matters to be resolved by and reported to the Board of Directors. The Committee refers and reports to the Board of Directors matters concerning rules and regulations to be approved or communicated as well as matters concerning the development of the department to manage compliance.
- 3) Directors and executive officers engage in compliance-oriented business management upon recognizing matters that need to be considered in accordance with laws especially for businesses in charge, in light of the importance of compliance. Additionally, the director in charge of the Compliance Department accurately recognizes the situation and considers policies and specific measures toward the development and establishment of an appropriate compliance system.
- 4) The Compliance Department oversees the overall compliance of SuMi TRUST Holdings and other group companies by establishing the rules and manuals necessary for the compliance system, implementing measures and providing instruction, dealing with various issues and improving the training systems, among other efforts. The Compliance Department also creates a compliance policy, monitors the situation of compliance management and execution, and reports to the Executive Committee on its findings regarding the status of compliance management and execution.

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

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

Compliance Hotline System

In order to promptly and appropriately cope with any violation, SuMi TRUST Holdings has established a compliance hotline through which all executives and employees can directly report violations to the Compliance Department and an external

attorney's office, without having to go through regular reporting channels. This hotline system enforces rigorous control of information and protection of privacy to ensure protection of whistleblowers, who shall never be adversely treated so long as what and how they report is appropriate and fair.

There are no restrictions on the compliance hotline on the type of language used or the hours when reports may be made.

The SuMi TRUST Group posts on its website a contact phone number to which third parties may direct their opinions and requests.

Sumitomo Mitsui Trust Holdings, Inc. 03-6256-6000 (Main Number)

Each group company also posts its contact phone number on its website. The phone number for inquiries regarding SuMi TRUST Bank is as follows.

Customer Service Office

Weekdays from 9:00 a.m. to 5:00 p.m. (Service is not available on Saturdays, Sundays, holidays and the period from December 31 to January 3.)

* The personal information you will be required to give at the time of inquiries will be treated responsibly by SuMi TRUST Bank. It will only be used in replying to your inquiries and not be disclosed to third parties or used for any other purposes without your consent.

Response at the Time of Compliance Violations

Should a compliance violation occur, a system for reporting and managing it has been established at the SuMi TRUST Group by the Risk Management Department. This includes a system of customer care, a system for reporting internally and to the relevant authorities, and measures to prevent a recurrence (occurrence) of such a violation. The aim is to ensure appropriate responses, prevent and reduce accidents, and improve the quality of operations, among others.

In the event of a violation, SuMi TRUST Bank responds to the situation and manages it by following the process outlined below.

- 1) In the event of a compliance violation, the department in violation will appropriately and promptly make a report and responsibly manage and respond to the situation from the time the violation occurred until its resolution. Furthermore, upon conducting an investigation and analysis of the causes of the violation, it will formulate and implement measures to prevent recurrence.
- 2) Departments responsible for supervising businesses will cooperate with the department in violation and implement responses, investigate the causes and formulate measures to prevent recurrence. They also conduct case studies, raise awareness and implement measures to prevent recurrence within businesses as necessary.
- 3) Risk management-related departments (the Compliance Department) will provide instructions to the department in violation and departments responsible for supervising businesses as necessary. In the event a serious violation occurs, a compliance subcommittee will be convened, in principle, to examine the adequacy of the report and the appropriateness of the measures to prevent recurrence.

3 Response to Major Compliance Risks

Initiatives to Foster Compliance Awareness

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

The Group is also enhancing training courses including a course for rules to strictly comply with insider trading regulations, and each company's compliance department has

primary responsibility for providing training as to company-wide compliance themes. Meanwhile, the person in charge of compliance at each company is responsible for enhancing compliance awareness and ensuring thorough compliance with regard to business and product characteristics and client attributes by implementing training and study in his/her workplace and providing guidance and instructions in daily work processes.

Compliance Training through E-learning for 2014 (Sumitomo Mitsui Trust Bank)

Course name	Content	Applicable executives and employees	Month of implementation
Basics of compliance: FY2014 version	Compliance in general	All employees	May
Training on the prevention of insider trading and measures to prevent leakage of confidential information: May 2014 version	Prevention of insider trading	All employees	
For persons in charge of compliance: FY2014 version	Compliance in general	General managers and persons in charge of compliance at all branches and departments	
Preparedness against antisocial forces: 1H FY2014 version	Prevention of transactions with antisocial forces	All executives and employees	June
1H FY2014 training for real-time trade execution verification staff	Compliance training for new and returning employees	New or returning employees assigned to branches or departments since April 2014; led by officer in charge of measures to prevent money laundering, etc.	
Training on the prevention of insider trading and measures to prevent leakage of confidential information: July 2014 version, written pledge	Prevention of insider trading	All employees	July
Training on the measures to prevent money laundering and similar practices: 1H FY2014	Prevention of money laundering, etc.	All employees at branches/departments; led by officer in charge of measures to prevent money laundering, etc.	
Training on the prevention of insider trading and measures to prevent leakage of confidential information: November 2014 version	Prevention of insider trading	All employees	November
Preparedness against antisocial forces: 2H FY2014 version	Prevention of transactions with antisocial forces	All executives and employees	December
Compliance protects you	Compliance in general	All employees	January
Training on the measures to prevent money laundering and similar practices: 2H FY2014	Prevention of money laundering, etc.	All employees at branches/departments; led by officer in charge of measures to prevent money laundering, etc.	
Training on the prevention of insider trading and measures to prevent leakage of confidential information: February 2015 version, written pledge	Prevention of insider trading	All employees	February

Major Compliance Risks

- Leakage of customer information
- Inappropriate acquisition and use of personal information
- Lack of credibility in products and services offered
- Violation of the principle of suitability
- Inadequate explanations to customers
- Insincere responses to customer consultations and complaints
- Relationships with customers that lack moderation
- Transactions with conflicted interests
- Inappropriate accounting treatment
- Disregard for information disclosure
- Illegal payoffs
- Inhibiting free and fair competition
- Insider trading and other forms of unfair trading
- Violation of Foreign Exchange and Foreign Trade Act
- Infringement of intellectual property rights
- Opaque relationships with government authorities
- Dealings with antisocial forces
- Money laundering

Due Diligence in Transactions

Before conducting each transaction, SuMi TRUST Bank checks whether a potential customer has any connections to antisocial forces, as well as performing checks at the time of the transaction based on the Act on Prevention of Transfer of Criminal Proceeds and the Foreign Exchange and Foreign Trade Act. Additionally, transactions with customers of countries considered high-risk according to the Act on Prevention of Transfer of Criminal Proceeds are subject to even more stringent checks at the time the transaction is made. Foreign exchange transactions are subject to checks on whether the counterparty is an individual or entity designated for economic sanctions such as the freezing of assets. If a customer requests payment to or a capital transaction with such a counterparty, SuMi TRUST Bank conducts strict checks on whether permission has been obtained from relevant authorities.

Prevention of Money Laundering

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

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

Additionally, SuMi TRUST Bank has adopted an anti-money laundering (AML) system, which verifies whether any illicit transfers between accounts have taken place.

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

SuMi TRUST Bank obligates employees at relevant branches and departments to periodically receive training concerning prevention of money laundering, etc. In fiscal year 2014, such training was provided to all employees at the relevant branches and departments once each half of the year.

Response to Antisocial Forces

Antisocial forces refer not only to organized crime groups and their members, but also to individuals and companies with ties to them, who may threaten public order and the security of civil society. The Group has declared, both

internally and externally, its resolute stance against antisocial forces in its Code of Conduct ("Value") and various other codes. We have established a system for investigating and conducting systematic checks in all types of transactions in order to prevent transactions by antisocial forces.

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

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

In addition, in order to strengthen awareness about and systems to deal with antisocial forces, in fiscal year 2014, SuMi TRUST Bank provided all executives and employees with training for the prevention of transactions with antisocial forces once each half of the year.

Management of Conformity with Legal Revisions

Head office departments of SuMi TRUST Bank gather information on legal revisions and report them to the Compliance Department. The Department centrally manages information on the revisions and instructs and manages the related departments to respond to them in an appropriate manner.

Prevention of Insider Trading

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

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

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

We have implemented all the measures to prevent recurrence of insider trading that were announced by the SuMi TRUST Group in March and June 2012. We are continuously conducting regular monitoring of the status of their implementation and consolidation.

* Details of the violation of insider trading regulations that occurred in 2012 are described in the 2012 CSR Report.

managing insider information.

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

SuMi TRUST Bank has developed a training system on a whole company basis. In fiscal year 2014, a training program for prevention of insider trading targeted at all employees was implemented four times (four additional times at entrusted asset business units). In addition, all executives and employees were required to submit written oaths pledging to comply with internal rules, etc. concerning prevention of insider trading twice during the fiscal year (two additional times at entrusted asset business units).

Fair Trade with Outsourced Contractors

When outsourcing its operations, the Group takes measures to ensure that the outsourced operation is consigned to a contractor capable of: (1) establishing regulations for the appropriate management of risks from unexpected losses incurred by the Group or its clients, (2) recognizing problems related to the quality of service and the reliability of service continuity, and (3) implementing the operation accurately, fairly, and efficiently. We also verify whether or not outsourced contractors are antisocial in nature before entering into new contracts, and we repeat this verification on a regular basis. The purpose is to prevent transactions with antisocial forces and to eliminate interference from them (please refer to Page 61).

Prevention of "Dango" Bid Rigging and Cartels

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

Prevention of Bribery

The SuMi TRUST Group has set forth rules to be followed by officers and employees for the prevention of bribery, etc. in the Compliance Rules and prohibits the following transactions.

- Prohibition of providing entertainment or granting favors in excess of an acceptable level to interested parties, public servants and shareholders of SuMi TRUST Holdings
- Prohibition of receiving entertainment or favors in excess

- of an acceptable level from interested parties or others
- Prohibition of activities that mix individual and public interests
- Prohibition in principle of holding concurrent posts and dual employment
- Prohibition of being in a position that has a conflict of interest with SuMi TRUST Holdings and other group companies in conducting business operations and using one's professional position to benefit oneself or a third party

Protection of Intellectual Property Rights

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

Sumitomo Mitsui Trust Group's Basic Policy concerning Tax Compliance

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

Compliance

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

Governance

The top management accurately understands tax-related risks and implements a tax strategy in coordination with a business strategy from the perspective that such risks are critical challenges that could directly affect business management. The top management also strives to maintain and enhance tax compliance by giving guidance to employees.

Relationship with the Tax Authority

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

Tax Avoidance

We make efforts to properly pay taxes at locations where value was created through economic activities, in accordance with an action plan on base erosion and profit shifting (BEPS).

Risk Management

1 Basic Philosophy on Risk Management

Reducing various risks surrounding a company is indispensable in averting any damage to its corporate value. Even so, strengthening the company's risk management structure ensures a robust corporate foundation and contributes to the enhancement of its corporate value. As the trust bank group which boasts the largest scale and the highest status in Japan, SuMi TRUST Group regards the development of a risk management system suited to the characteristics

of its operations and environmental changes as one of the most important management issues it faces. Accordingly, SuMi TRUST Group is making constant efforts to enhance and advance its risk management, which forms the basis of operations that support business expansion and sustainable growth of SuMi TRUST Group.

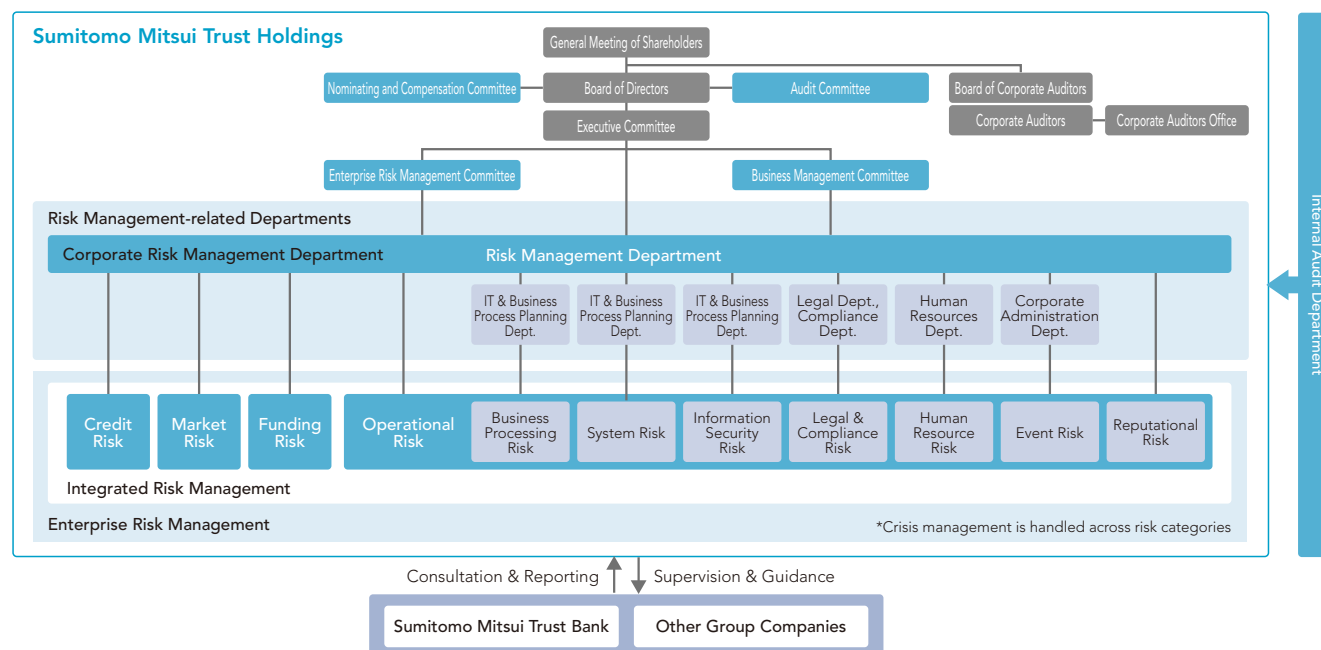
2 Risk Management Structure

The roles and responsibilities of the management structure and principal departments related to risk management are as follows.

The Responsibilities and Roles of Each Governing Body

- 1) The Board of Directors formulates policies on the identification, assessment, monitoring, control and reduction of risks, formulates management plans that include the Risk Capital Allocation Plan and Risk Management Plan and informs SuMi TRUST Group of the plans. The Board also builds an appropriate reporting system and grants the necessary authority for it, among other efforts.
- 2) The Executive Committee, pursuant to the policies set forth by the Board of Directors, approves arrangements for the identification, assessment, monitoring, control and reduction of risks and develops systems to enable the implementation of such arrangements, among other efforts.
- 3) The front offices, pursuant to the Risk Management Rules and other related risk management regulations, accurately recognize risks and conducts operations including practicing appropriate controls commensurate with the size and characteristics of the risk with the goal of ensuring the effectiveness of risk management.
- 4) The risk management-related departments develop and implement risk management processes including the identification, assessment, monitoring, control and reduction of risks under their control. To achieve effective checks on the front offices, the risk management-related departments plan and promote risk management systems by monitoring the risk status and risk management activities of the front offices and by making reports to management periodically or as necessary.

Risk Management Structure



Multi-tiered Risk Management

SuMi TRUST Holdings has adopted the Three Lines of Defense model as a risk management system. This enables risk-taking with the goal of achieving the profit plans of each business based on company-wide business strategies. The system also allows for appropriate revisions to the business model in line with changes in the risk status and implements appropriate responses in emergency situations.

The Three Lines of Defense comprise the following.

(i) First Line of Defense (Risk-taking)

- The first line of defense assesses risks and the situation at hand based on knowledge of services and products.
- In the event that a risk materializes, the first line of defense responds promptly on the on-site level and implements recovery measures.

(ii) Second Line of Defense (Risk Governance)

- The second line of defense identifies and evaluates company-wide risks and monitors and controls the determined risk limits.
- The second line of defense formulates recovery strategies when risks materialize.

(iii) Third Line of Defense (Risk Assurance)

- The third line of defense verifies the appropriateness of risk-taking and risk governance.

Under this system, each line is monitored and controlled by high-level bodies, i.e. various committees, the Executive Committee and the Board of Directors.



3 Risk Management Operations

Types of Risk

SuMi TRUST Group classifies risk categories by causes of the risks it faces in its management as a whole into "credit risk," "market risk," "funding risk" and "operational risk." SuMi TRUST Group manages these risks in accordance with their respective characteristics.

Risk Management Methods

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

SuMi TRUST Holdings has also established Risk Management Rules covering the basic points of risk management for SuMi TRUST Group as a whole. It has clarified the authority and organizational structure so that it can appropriately perform a series of activities, which include the identification, assessment, monitoring, control and reduction of risks. SuMi TRUST Holdings has also created risk management policies and plans (the Risk Management Plan and the Risk Capital Allocation Plan).

Group companies develop appropriate risk management

systems suited to the characteristics of their own operations and risks, based on SuMi TRUST Holdings' policy concerning risk management.

Integrated Risk Management and Risk Capital Allocation

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

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

In addition, among the risks subject to the Enterprise Risk Management, SuMi TRUST Holdings combines risks which are quantifiable with a unified criteria such as the integrated VaR*, and manages these risks by comparing them with SuMi TRUST Group's overall financial strength, which is indicated by its capital efficiency (Integrated Risk Management).

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

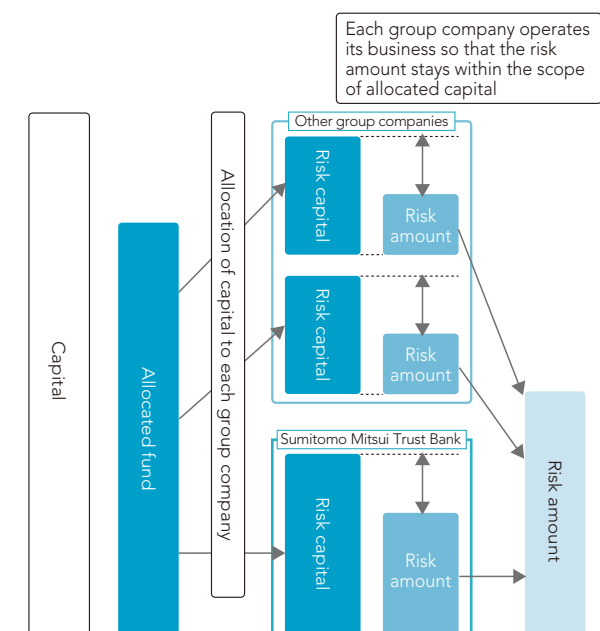
(2) Risk Capital Allocation Operations

For the purpose of the SuMi TRUST Group's capital allocation operations, SuMi TRUST Holdings assesses capital adequacy level, in consideration of the external environment, risk-return performance status, strategic targets, and the results of its stress test, and allocates capital of the SuMi TRUST Group to each group company based on its risks (credit risk, market risk, and operational risk). The risk capital allocation plan is subject to the approval of the Board of Directors.

Each group company operates its business in compliance with the allocated amount of risk capital (risk capital). The risk management supervision department monitors adherence to the allocated risk capital (risk capital) and the risk amount status on a monthly basis and reports to the Board of Directors and others.

The risk capital allocation plan is reexamined semiannually, and also whenever deemed necessary due to modifications to the business plan of any one of the group companies or changes in risk status, etc.

Capital Allocation Scheme



(3) Assessment of Capital Adequacy Level, Capital Strategy

The capital management departments assess the level of capital adequacy from the viewpoint of soundness each time a risk capital allocation plan is formulated or reexamined,

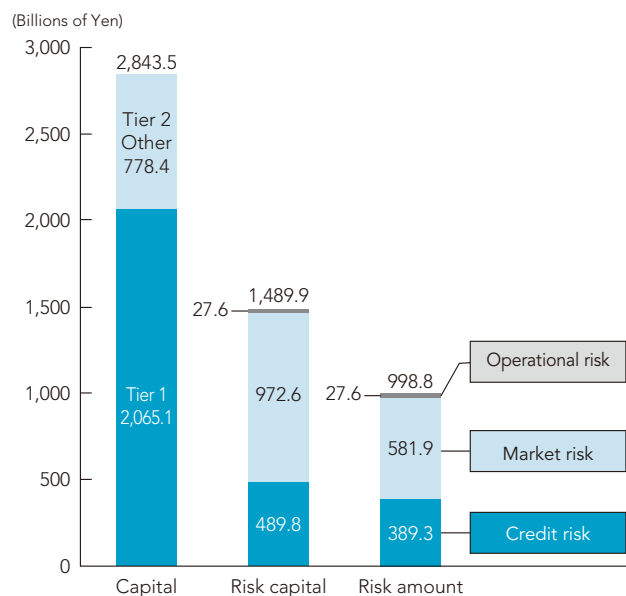
and reports to the Board of Directors and others.

The SuMi TRUST Group assesses capital adequacy level multilaterally by establishing multiple definitions of capital and risk as follows.

From the viewpoint of ensuring business continuity, the SuMi TRUST Group assesses the capital adequacy level by comparing the amount of risk with a confidence interval of 99% with the regulatory required Common Equity Tier 1 capital (allocation fund). Also, from the viewpoint of depositor protection, it compares the amount of risk with a confidence interval of 99.9% and the amount of risk with a confidence interval of 99% after the consideration of stress events with the regulatory required total capital.

Capital and Risk Capital

(within a 99% confidence interval, 1 year holding period)



(4) Stress Testing

It is becoming increasingly important to develop and review countermeasures beforehand, against contingencies such as a financial crisis. These measures should be based on prior analysis and recognition of the impact on corporate management and finance, in the event of materialization of the stress event.

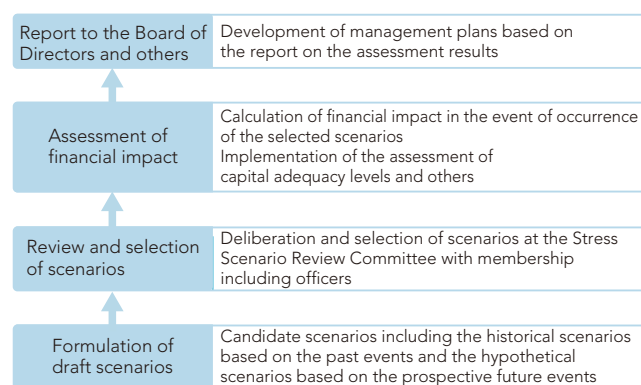
The SuMi TRUST Group conducts stress tests under the risk capital allocation plan (economic capital) and the capital adequacy ratio plan (regulatory capital), and utilizes the result for purposes including assessment of capital adequacy levels and development of countermeasures against the occurrence of the risks (contingency plan) when formulating management plans.

• The framework of Stress Testing

The Stress Scenarios Review Committee, whose members include officers, select conclusive scenarios to be used for formulating plans. These are based on a review from the viewpoints of probability of occurrence as well as the impact to the SuMi TRUST Group. The scenarios are developed by the Research Department and the Risk Management Department. Some assume the recurrence of an event that actually took place in the past 10 to 20 year period with significant impact on SuMi TRUST Holdings' portfolio (historical scenarios) and forward-looking scenarios (hypothetical scenarios) with relatively high probabilities of occurrence depending on the market environment with significant impact on the corporate management.

After estimating amount of loss in the event of occurrence of risks is calculated based on the selected scenarios. This loss is reported to the Board of Directors and others along with an assessment of its impact on the level of capital adequacy.

Stress Test Framework



(5) Capital Adequacy Status

Under the risk capital allocation plan, against total capital of ¥2,843.5 billion (Common Equity Tier 1 capital of ¥2,065.1 billion) of SuMi TRUST Holdings on a consolidated basis, the allocated risk capital (risk capital) is ¥1,489.9 billion. Risk capital actually used (risk amount) is ¥998.8 billion. In addition, the balance between total capital (risk capital) and allocation fund, about ¥1,353.6 billion, is at a sufficient level according to the results of stress tests.

(6) Upgrading of Integrated Risk Management and Capital Management Systems

The SuMi TRUST Group will continuously verify the scope of risk to be managed, risk measurement methods, risk capital allocation methods, capital adequacy level assessment methods, etc., so that integrated risk management and capital management will be more effective, and will strive to improve and upgrade the systems.

Fostering a Risk Culture

SuMi TRUST Group recognizes that its social responsibility involves building on its "Trustee Spirit" and utilizing its significant expertise and comprehensive capabilities to create distinct value through a new business model that fuses the banking, asset management and administration and real estate businesses. To this end, SuMi TRUST Group has set forth its Management Principles ("Mission"), Ideal Model ("Vision") and Codes of Conduct ("Value").

SuMi TRUST Group defines "risk culture" as the basic concept of adhering to various rules such as laws, regulations, market rules and internal company rules, in addition to conformity to social norms. This culture assumes appropriate risks based on the management policy and business strategies from the standpoint of securing appropriate earnings to the extent allowed by SuMi TRUST Group's financial capabilities, as well as managing such earnings and risks.

To foster and firmly establish the risk culture, efforts are being made to share and communicate this concept among officers and employees. The activities include regular messages from top management, compliance seminars, various meetings and e-learning.

Response to ESG Risks

The need has become greater than ever before for companies to step up their responses toward environmental, social and governance (ESG) risks, as companies are increasingly being required to be mindful of sustainability issues. While certain items under ESG risks overlap with operational risks (see page 86), these risks also contain new themes never perceived before. Consequently, in December 2013, SuMi TRUST Group established the ESG Risk Response Project Team (sponsored by the CSR Promotion Office), which is jointly engaged by related departments and has been discussing many facets of ESG risks. Progress was made in FY2015 in the following initiatives, which grew out of discussions by the ESG Risk Response Project Team.

Becoming a signatory to the Equator Principles	Responding to ESG risks in project finance, etc. (see page 91)
Preparation of the overseas application handbook	Summary of unique customs and human rights issues which overseas offices need to be aware of (see page 103)
Identification of materiality	Identification of important ESG items that take into account the risks of SuMi TRUST Group as a whole (see page 6)

The CSR Promotion Office holds global CSR meetings with related departments on a monthly basis to gather the latest ESG-related information being discussed around the world. The Office utilizes this information to grasp potential ESG risks.

Management Status of Individual Risks

Credit Risk	
Definition	Risk that the Group incurs losses due to the value of an asset (including off-balance sheet assets) decreasing or impairing owing to such reasons as deterioration in the financial condition of an obligor. Of this, "country risk" in particular means risk that the Group incurs losses on credit provided overseas, due to foreign exchange, political and economic conditions of the country of the obligor.
Basic policy	<ul style="list-style-type: none"> A credit risk management system and an asset evaluation management system are developed to ensure the soundness and adequacy of credit-related operations, in accordance with established basic policies on Group-wide credit risk management. Meanwhile, we are dealing with obligors, based on the understanding that it is critical to keep informed of the obligors' actual business status and provide them with management consultation and guidance along with assistance for business improvement initiatives, in an effort to mitigate credit risk. Likewise, the affiliated banks engage in appropriate credit risk management based on risk management systems established in accordance with the aforementioned basic policy.
Risk management system	<ul style="list-style-type: none"> The Risk Management Department is designated as a department responsible for credit risk management at SuMi TRUST Holdings and engages in monitoring and analysis of the credit risk status across the Group. The department also provides supervision and guidance to affiliated banks and companies. The Risk Management Department is designated as a department responsible for credit risk management at affiliated banks as well, while the credit supervision departments, the departments responsible for problem loans management, and the departments responsible for asset evaluation/management are designated as departments responsible for credit risk-related management.
Risk management method	<ul style="list-style-type: none"> An obligor's business status is managed on a consolidated basis across the Group. Not only loans but also assets and off-balance sheet assets associated with credit risk are managed on an integrated basis. Credit risk is evaluated and measured using criteria including credit ratings, while credit risk is adequately controlled through measures such as the imposition of risk limits and management of concentrated credit risk. The status of credit portfolio (concentration of credit to certain industry sectors or specific groups) is also adequately grasped and controlled.

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

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

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

Operational Risk Sub-categories

Business Processing Risk	
Definition	Risk that the Group incurs losses due to inappropriate business procedures arising from executives or employees neglecting to engage in proper business activities, or other incidents such as accident or fraud.
Risk management method	The IT & Business Process Planning Department is responsible for business processing risk. The Department comprehensively deliberates such risks and operational efficiency issues across businesses. It also promotes the development of systems to ensure effective management of business processing risks from a company-wide perspective. Additionally, a department to supervise and instruct business process has been established within each business to verify rules they set out and to instruct and train the head office departments and branches on business processing in general.
System Risk	
Definition	Risk that the Group incurs losses due to such reasons as computer system failure, malfunction and defects, as well as the risk that the Group incurs losses due to unauthorized use of a computer.
Risk management method	The reliability of hardware, software and system operations is being enhanced through measures such as hardware maintenance and securing its backup and alternative functions, conducting backups and preparing manuals. Measures are also being taken to ensure the safety of information systems and prevent unauthorized access and use. Additionally, a clear notification and response system has been established to minimize the impact of malfunctions and disasters on information systems and enable quick recovery and business continuity. This system is complemented by the preparation of manuals for back-up measures and recovery procedures and the implementation of operational education and training.
Information Security Risk	
Definition	Risk that the Group incurs losses because information assets are not properly maintained or managed. This includes information leaks, incorrect information, an inability to use the information system or misuse of information.
Risk management method	Each information asset held has been assigned an importance level according to the degree of damage its leakage, loss, alteration, etc. could have on SuMi TRUST Holdings and its customers. Appropriate security measures are being taken. This effort involves determining the methods for acquiring, using, managing, storing, internally communicating, taking out and disposing information assets depending on their level of importance. * For responses to cyber attacks, see page 88.
Legal & Compliance Risk	
Definition	Risk that the Group incurs losses due to uncertain legal aspects of transactions, or due to insufficient compliance with laws, regulations, etc.
Risk management method	The consistency and compatibility of internal rules and the legality and appropriateness of transactions and business operations are being verified from a legal perspective (through legal checks, etc.).
Human Resource Risk	
Definition	Risk that the Group incurs losses due to personnel and labor management issues, such as unequal or unfair management of personnel and harassment.
Risk management method	A management system is in place to deal with personnel and labor management issues such as unfairness and inequality in personnel matters and harassment. The system involves internal seminars, interviews and establishing consultation desks.
Event Risk	
Definition	Risk that the Group incurs losses due to external events that impair business, such as natural disasters, crimes such as terrorism, damage to public infrastructure that prevents its functioning, the spread of infectious diseases, and the inappropriate use or management of tangible assets.
Risk management method	Preventive measures for disasters and their mitigation, crime and safe-driving management are being implemented. Business continuity management systems have also been developed. The aim is to deal with a variety of incidents including fires, crimes, traffic accidents, natural disasters and epidemics that can disrupt operations. * See below for information on crisis management and business continuity plans (BCP) in the event of disasters.
Reputational Risk	
Definition	Risk that the Group incurs losses as a result of deterioration in reputation for SuMi TRUST Holdings or its subsidiaries, owing to such reasons as mass media reports, rumors or speculation.
Risk management method	A system is in place to prevent media coverage, rumors and hearsay that threaten to impair the reputation of SuMi TRUST Holdings and its subsidiaries. The system also provides customer care and makes prompt and appropriate public announcements in the event of reputational damage.

Crisis Management and Business Continuity Plan in Emergencies

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

SuMi TRUST Holdings and SuMi TRUST Bank have developed contingency plans in order to quickly implement emergency response measures in the event of emergencies, such as natural disasters, computer system breakdowns and outbreaks of new infectious diseases.

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

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

In particular, in preparation for the possible occurrence of a major earthquake, SuMi TRUST Bank, which has branches across Japan, periodically conducts exercises in order to make a response that gives consideration to the safety of

customers and employees and to business continuity and ensure the effectiveness of the response.

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

systems in the Osaka area on the assumption of a disaster in the Tokyo area.

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

Code of Conduct for Executives and Employees

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

(1) Securing the safety of life

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

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

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

(3) Business Continuity and Early Restoration

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

(4) Cooperation with Local Communities

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

Cyber Attacks

Response to Threat of Cyber Attacks

The threat of cyber attacks and the damage they can inflict are growing both in Japan and overseas. SuMi TRUST Holdings is engaged in the following activities to protect the precious assets of our customers from the attacks.

Improvement of Internal Response Systems in Preparation of Cyber Attacks

To respond to cyber attacks, SuMi TRUST Holdings monitors computer systems of SuMi TRUST Bank around the clock. In addition, SuMi TRUST Holdings has established SuMiTRUST-CSIRT as an internal organization for gathering information, conducting analysis and implementing measures relating to cyber attacks, and coordinates with outside expert organizations to strengthen its management system.

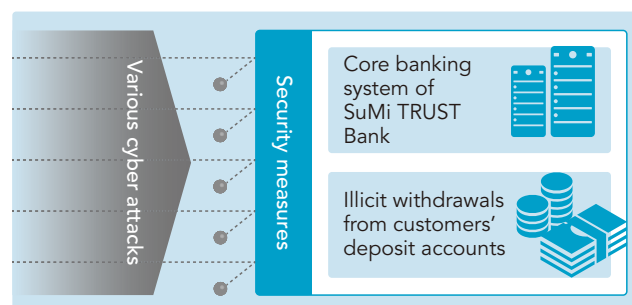
Enhancement of Internet Banking Transaction Security

In terms of internet banking, SuMi TRUST Bank offers "Rapport," a type of security software specifically for internet banking, free of charge to help shield customers' precious

deposits from fraudulent transactions.

SuMi TRUST Holdings will continue to keep abreast of other companies' moves and new technologies and implement robust security measures so that customers' transactions remain safe. The measures include the early detection and prevention of unauthorized remittances.

Cyber Security



Environmental and Social Considerations in Project Finance

SuMi TRUST Bank became a signatory to the Equator Principles in February 2016. This set of guidelines for private financial institutions requires due consideration to the impact on the natural environment and the regional community when project finance is undertaken.

Two Processes Toward the Adoption of the Equator Principles

Discussions by the ESG Risk Response Project Team

The issue of reinforcing ESG risk responses in investments and loans was raised at the cross-sectional ESG Risk Response Project Team (see page 85), which was established in December 2013. Discussions commenced after the issue was mentioned in response to increasing civil society pressure including concerns voiced by the NGOs.

Identification on the Materiality Map (see page 8)

When we identified the priority issues (Materiality) regarding sustainability of SuMi TRUST Group by taking into account

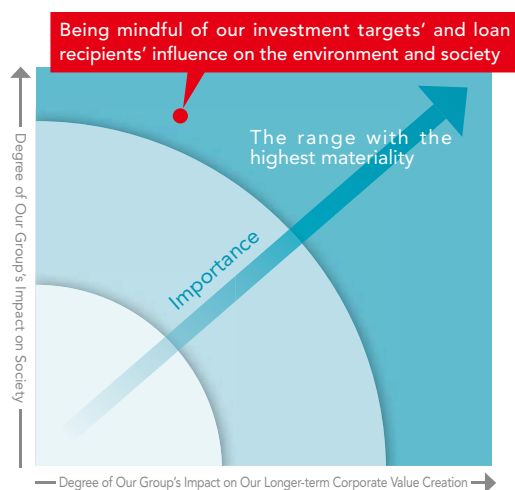
the perspective of ESG investors, we found that “being mindful of our investment targets’ and loan recipients’ influence on the environment and society” to be in “the range with the highest materiality” in terms of both the impact on the corporate value of SuMi TRUST Group and SuMi TRUST Group’s influence on society.

A Signatory to the Equator Principles

Large-scale projects such as mine development, oil and gas development, power plants, petrochemical plants and infrastructure development may potentially have a major impact on the natural environment and the regional community. SuMi TRUST Bank is aware that project finance may indirectly have an adverse effect on the natural environment and the regional community. SuMi TRUST Bank also believes it is the responsibility of a sound financial institution to avert or mitigate risks of deterioration of loan receivables due to suspension of projects as a result of environmental or social problems.

SuMi TRUST Bank became a signatory to the Equator Principles in February 2016, adopting them as part of a risk management framework to confirm whether projects are sufficiently environmentally friendly and socially responsible in their decision-making processes for project finance and to monitor whether applicable projects maintain those standards once they have commenced. SuMi TRUST Bank has updated its internal rules and commenced operational structures necessary for implementation.

As of December 2015, 82 banks (including export credit agencies) from around the world had signed the Equator Principles. Signatories require project proponents to comply with the Equator Principles. The signatories could refrain from providing financing if requirements are not met, particularly in the case of large-scale projects in developing countries.



Types of financial instruments and other criteria including financing size for the application of the Equator Principles

Type	Application criteria including financing size
Project finance	All projects with total project capital costs equivalent to USD 10 million or more
FA services ^{*1}	Same as the above
Project-Related Corporate Loans (PRCL) ^{*2} PRCL: Project-Related Corporate Loans	If all four of the following criteria are met: 1. The majority of the borrowing amount is intended for a single project in which the borrower has effective control (either direct or indirect) of the project; 2. The total borrowing amount is equivalent to USD 100 million or more; 3. The commitment amounts (at syndication or prior to sell-down) of the individual signatories are equivalent to USD 50 million or more; and 4. The loan term is two years or more.
Bridge loans	Bridge loans with a loan term of less than two years that are intended to be re-financed by a project finance meeting the above criteria or PRCL

^{*1} Project finance advisory services

^{*2} PRCL includes the buyer's credit-type export financing but does not include the supplier's credit-type export financing. Furthermore, it does not include asset financing, M&A financing, hedging transactions, leases, L/C transactions, general funds and general working capital to maintain operations of a company.

CSR Procurement (Procurement that Gives Consideration to the Environment and Society)

All of us at the Sumitomo Mitsui Trust Group contribute to sustainable development of our society as a corporate group trusted by the public by striving to give procurement priority to goods and services that give consideration to the

environment and society and by cooperating with suppliers who care about the environment and society, based on the "Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy)."

CSR Procurement Policy

Papers, stationery goods, fixtures and equipment used by SuMi TRUST Holdings in its businesses have been procured through a long supply chain that begins with the mining of resources and extends to its processing, manufacturing and sales. Throughout this process, it is a duty of consumers to

procure products and services that have been designed not to pollute the environment or cause human rights issues. SuMi TRUST Group has formulated a CSR procurement policy to promote procurement that gives consideration to the environment and society.

1. Fair Transactions

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

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

2. Compliance with Laws, Regulations, etc.

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

3. Consideration for Social Challenges

We strive to conduct transactions with and procure products and services from suppliers who respect basic human rights,

give consideration to industrial safety and health and avoid violations of human rights, such as unjust discrimination, forced labor and child labor.

4. Consideration for the Environment

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

5. Cooperation with Suppliers

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

CSR Procurement in Practice

SuMi TRUST Bank is promoting CSR procurement for SuMi TRUST Group as a whole. One of the products selected for CSR procurement is environmentally friendly and socially responsible paper, which is used and disposed of in massive volumes in our business operations. As far as copy paper is

concerned, the damage to biodiversity as a result of illegal logging of tropical rainforests and its effects on global warming have become major problems. The Corporate Administration Department and the CSR Promotion Office, Corporate Planning Department, which are in charge of procurement, conducted a

Initiatives in CSR Procurement Regarding Copy Paper

- We began to conduct surveys on suppliers to determine whether their paper products including copy paper and stationery goods were environmentally friendly and socially responsible.
- We prohibited the purchase of copy paper that was not environmentally friendly and socially responsible, including paper sourced from illegal logging of tropical rainforests. We then changed the suppliers and procured items.
- In principle, we procure copy paper with a recycled content ratio of 100%.
- We refer to the opinions of the Rainforest Action Network and other NGOs both in Japan and overseas regarding environmentally friendly and socially responsible products.



survey on the manufacturers and distributors to determine how much their products reflect consideration to the environment and society. Based on the results of this survey, SuMi TRUST Bank prohibited the purchase of paper sourced from illegal logging and changed the suppliers and procured items. SuMi TRUST Bank uses FSC-certified paper for its business cards. The paper is sourced from well-managed forests and manufactured and sold in an environmentally friendly and socially responsible manner. Going forward, SuMi TRUST Bank plans to gradually expand its CSR procurement items to printed materials and other items.

Environmentally friendly and socially responsible products may cost more than other items when items are replaced for CSR procurement. For this reason, SuMi TRUST Bank, with the support of its suppliers, purchases goods in bulk with its group companies in order to procure them at reasonable prices.

Consortium for Sustainable Paper Use

SuMi TRUST Bank is aware of the severe consequences of logging of tropical forests to supply raw materials for paper and the ongoing destruction of the ecosystem. Accordingly, it participates in the Consortium for Sustainable Paper Use

with like-minded paper-consuming companies and the World Wide Fund for Nature Japan (WWF Japan). SuMi TRUST Bank shares the initiatives being taken by each company, while aiming to spread the sustainable use of paper throughout society as a whole by requesting our suppliers to provide paper that is friendlier to the environment and society.

Policies on Paper Procurement Upheld by the Consortium for Sustainable Paper Use

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



Dialogue with Suppliers

Obtaining confirmation from the user on whether procured products are environmentally friendly and socially responsible is an extremely arduous and inefficient task in the practice of CSR procurement. SuMi TRUST Bank thus upholds the basic principle of cooperation with suppliers. By conducting dialogue and providing each other information on environmentally friendly and socially responsible products, it has been working to raise the suppliers' awareness and to conduct awareness-raising activities directed toward concrete action. While suppliers and users represent different interests, we are endeavoring to mutually recognize the roles we are required to play as members of society and to realize a "sustainable society" not only for SuMi TRUST Bank but also for society as a whole.

The dialogue held in November 2015 focused on the following themes.

- Market trends regarding the procurement of environmentally friendly and socially responsible paper
- Information on the procurement of paper by overseas financial institutions
- Consideration for human rights in the paper procurement guidelines
- Expectations for the role to be played in the supply chain as a distributor
- Recycling of paper waste and disposal that takes into consideration the maintenance of confidentiality



Left front
Sales Division, SANKYO Co., Ltd.
Mr. Koichi Nishikawa (Business card supplier)

Left back
Major Account Sales Department, Fuji Xerox Co., Ltd.
Mr. Takayoshi Ochiai (Copy paper supplier)

Right front
Corporate Administration Department, Sumitomo Mitsui Trust Bank
Haruyo Maruyama

Rules on Human Rights Policy

The human rights policy formulated by SuMi TRUST Group prescribes that SuMi TRUST Group "gathers information on cases where the corporate activities of our domestic and overseas suppliers and contractors (supply chain), and companies we invest in or lend to, negatively impact human rights" and that "in cases where relevant laws, standards

and policies are violated, necessary measures are taken as appropriate." The measures include requesting the resolution of a situation where human rights are being violated and suspending transactions and refusing to purchase products and services in case the situation is not resolved.

Sustainability Policy 4

Address Environmental Issues

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



Environmental Burden Reduction Measures

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



Further Promotion and Group-Wide Deployment of Environmental Management

1 Environmental Burden Generated by Business Activities

Operating Environmental Management Systems

The Group operates an integrated environmental management system at four sites with a large environmental burden—the head office building, the Fuchu Building, the Shiba Building, and the Senri Building. At these sites, as a general rule, we promote initiatives to achieve a lower environmental burden, cost reductions and greater operational efficiency at the same time by connecting environmental initiatives to management strategy through the linkage of core business processes to environmental management systems at the level of department activities. The extension of such initiatives to group companies began in earnest with the February 2014 opening of the Shiba Building, which houses many group companies.

We have set targets for paper consumption, electricity consumption, waste discharge, and eco-conscious “green procurement,” which are vital environmental aspects in the banking business. Formulating an action plan for each activity, we are moving forward with activities to reduce the burden we put on the environment. Our record in fiscal year 2014 is as follows. As for paper consumption, systems development at the Fuchu Building and Senri Building, where our computer centers are housed, is over the hump and the conversion of archived materials to electronic formats has progressed. As a result, against a 10% reduction target for paper consumption volume, the Fuchu Building achieved a 17.1% decline and the Senri Building attained a 21.1% decline. The

Sumitomo Mitsui Trust Holdings Environmental Policy

1. Provision of Products and Services

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

2. Environmental Burden Reduction

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

3. Pollution Prevention

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

4. Regulatory Compliance

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

5. Monitoring

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

6. Education & Training

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

7. Information Disclosure

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

* The Action Guidelines for Mitigating Climate Change (see page 11) and the Action Guidelines for Preserving Biodiversity (see page 21) are specific guidelines that were drawn up based on this Environmental Policy.

Shiba Building, where the conversion to electronic formats progressed, achieved a drop in excess of the 6% reduction target. At the head office building, there has been progress in reducing usage, but the reduction of 5.2% fell short of its 10% reduction target, so it will need even more initiatives. As for electricity consumption, it increased 4.5% at the computer center in the Fuchu Building and surged 27.1% at the computer center in the Senri Building on further installations of hosting IT equipment and UPS power sources for computers. These increases outpaced declines in the office sections of these buildings, resulting in overall electricity consumption growth of 3.0% at the Fuchu Building and 9.9% at the Senri Building against the base year level. In contrast, at the head office, dedicated entirely to office space, electricity consumption declined 6.9% on floor space reductions, and at the Shiba Building, it fell 4.7% on the accumulation of an array of measures such as operating elevators on a curtailed schedule. As a result, both the head office and Shiba Building attained their targets. For the four sites in aggregate, electricity consumption for office sections declined 3.6%. The basic overall trend in waste discharge is still one of gradual decline, but in fiscal year 2014, there were one-off factors such as past head office-related document disposal and processing form disposals related to an integration project at the Shiba Building. As a result, at the Fuchu Building and the Senri Building, declines in waste disposal volume attained the 10% reduction target, but the decline at the head office was only 7.9%, and waste disposal volume at the Shiba Building rose 5.3%. As for green procurement of office supplies, the practice of preferentially purchasing products with the green procurement mark in the purchasing system took root, with the green procurement ratio staying at 93%.

Like before, when formulating our policy for activities related to environmental management systems in fiscal year 2015, we set targets for four categories: paper consumption, electricity consumption, waste discharge, and green procurement. Our annualized environmental objectives and reduction targets are set against the base year of fiscal

year 2012. For paper consumption and waste discharge, the annualized targets are 5% each. For electricity consumption, our real annualized target of 1.5% is above the 1.0% annualized reduction target set by the Japanese Bankers Association. As for green procurement, our single-year target remains the 93% ratio achieved in fiscal year 2013, and our target in the medium term is to exceed the record high of 94.6% achieved in fiscal year 2012.

Internal Environment Examinations with Outside Experts

As part of the environmental management system's PDCA cycle, internal environment examinations are conducted every year for each department on a reciprocal basis by internal environment auditors. To secure a checking function and ensure objectivity, the internal environment examinations are conducted together with outside experts. There were 53 departments subject to the most recent internal environment examination in November 2014.

Internal environment examinations are not only intended to check the status of activities and target achievement but are also used as an opportunity for departments to exchange information concerning effective initiatives. Going beyond reductions to our environmental burden, the internal environment examinations also achieve such benefits as facilitating collaboration on initiatives like operational efficiency improvement and cost reduction.

Reduction of Energy Consumption and CO₂ Emissions Related to Business Activities

The Group is striving to reduce the environmental burden in the form of both inputs such as electricity and gas used for business activities and outputs such as CO₂ emitted as a result of activities. As Sumitomo Mitsui Trust Bank ("SuMi TRUST Bank") is subject to the Act on the Rational Use of Energy, it calculates the volume of energy consumption and CO₂ emissions at all of its sites across Japan using a common system. In fiscal year 2014, total electricity consumption at all sites across

Item	Building	Targets and results in FY2014				Future targets		
		Base year	Reduction target	FY2014 results		Base year	FY2015 environmental target	End of FY2016 environmental target
Paper consumption	Head office	2012	Down 10%	×	Down 5.2%	2012	Down 15%	Down 20%
	Fuchu			○	Down 17.1%			
	Senri			○	Down 21.1%			
	Shiba	2013	Down 5%	○	Down 6.0%	2013	Down 10%	Down 15%
Electricity consumption	Head office	2012	Down 3%	○	Down 6.9%	2012	Down 4.5%	Down 6%
	Fuchu			×	3.0%			
	Senri			×	9.9%			
	Shiba			○	Down 4.7%			
Waste discharge	Head office	2012	Down 10%	×	Down 7.9%	2012	Down 15%	Down 20%
	Fuchu			○	Down 10.5%			
	Senri			○	Down 12.5%			
	Shiba	2013	Down 5%	×	5.3%	2013	Down 10%	Down 15%
Green purchase	Head office, Shiba	2012	91%	○	93.0%	2012	93%	94.6%*

* FY2012 results

Energy Usage and CO₂ Emissions (Domestic Bases)

Energy usage		FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Total volume of energy usage (heating value)	GJ	1,081,210	1,107,217	999,891	1,000,431	949,345	913,496
Total volume of energy usage (converted to crude oil)	kl	27,895	28,567	25,797	25,811	24,493	23,568
Energy usage intensity	kl/m ²	0.062	0.063	0.055	0.053	0.055	0.053
Electrical power	thousand kWh	95,656	96,831	87,081	85,901	79,933	76,768
City gas	thousand m ³	2,019	2,116	1,875	2,475	2,502	2,398
CO ₂ emissions		FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Greenhouse gas emissions volume	t-CO ₂	45,900	45,545	40,233	47,867	50,380	48,921
Greenhouse gas emissions after adjustment	t-CO ₂	42,607	40,562	38,788	46,531	41,994	48,188
Emissions intensity	t-CO ₂ /m ²	0.102	0.101	0.086	0.099	0.114	0.111
Emissions intensity (after adjustment)	t-CO ₂ /m ²	0.095	0.090	0.083	0.096	0.095	0.110

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

Calculation method: The emission factors in "Ministerial Ordinance on Greenhouse Gas Emissions Produced in Conjunction with the Business Activities of Specified Emitters" were used.

Emission factors and emission factors after adjustment for each electricity business were used as the electricity emission factors for calculation of emissions intensity.

CO₂ Emissions at Bases Subject to the Tokyo Metropolitan Ordinance on Environmental Preservation

		FY2010	FY2011	FY2012	FY2013	FY2014	Total
Standard emissions	t-CO ₂	27,690	28,790	29,891	29,891	29,891	146,153
Mandatory reduction ratio	%	8	8	8	8	8	—
Maximum emissions limit	t-CO ₂	25,476	26,488	27,501	27,501	27,501	134,467
Mandatory reduction	t-CO ₂	2,214	2,302	2,390	2,390	2,390	11,686
CO ₂ emissions	t-CO ₂	20,810	18,186	18,860	18,993	18,501	95,350
Emissions reduction	t-CO ₂	6,880	10,604	11,031	10,898	11,390	50,803
Excess reduction	t-CO ₂	4,666	8,302	8,641	8,508	9,000	39,117

The figures in the table above show the reduction status at SuMi TRUST Bank's Fuchu Building, Shiba Building, Chofu Building, and Meguro Building with regard to the "mandatory reductions in total greenhouse gas emissions" and the "mandatory reductions in total greenhouse gas emissions via the emissions trading system" proscribed in the Tokyo Metropolitan Ordinance on Environmental Preservation (Total for four bases). No emissions trades were conducted as of fiscal year 2014.

In fiscal year 2014, the electricity capacity of our computer center grew on additional equipment installations. Meanwhile, we also pursued a comprehensive set of measures to reduce our energy use. In the summer, we used exhaust heat from our co-generation system as a heat source for refrigeration, and in the winter, we used this exhaust heat as a heat source for air-conditioning humidifiers and heating water, reducing the amount of gas we use, etc. We also took steps to level out our electricity demand pattern, running our co-generation system during the day to generate heat and electricity for onsite use and idling it at night, and using utility-supplied off-peak night-time electricity to run the heat storage system.

SuMi TRUST Bank's four base buildings are subject to mandatory emissions reductions of the Tokyo Metropolitan Ordinance on Environmental Preservation. The reductions achieved at these buildings are still in excess of the mandatory amounts.

Japan came to 77 million kWh, down 4.0% from 80 million kWh in the previous year. City gas consumption remained almost unchanged from the previous fiscal year at 2.4 million m³.

Since the Great East Japan Earthquake, to give priority to reducing peak electricity consumption in summertime, the Fuchu Building, which consumes the most energy, has switched the mainstay system to gas-burning cold water generators from high-efficiency heat source systems introduced to reduce CO₂ emissions. As a result, while electricity consumption has declined since fiscal year 2011, city gas consumption has increased steeply. In fiscal year 2014, we reduced total energy consumption on a crude oil equivalent basis by 0.3% from the previous year. At the Senri Building, electricity consumption volume rose year on year due to IT equipment installations but cutbacks on use of water heater-chiller

machines lowered electricity usage, and total energy use came to about the same level as in the previous fiscal year.

There are four SuMi TRUST Bank sites have been subject to the obligation to reduce CO₂ emissions under Metropolitan Tokyo's Environmental Security Ordinance: the Fuchu Building, the Shiba Building, the Meguro Building and the Chofu Building. From fiscal year 2015, the head office building is also subject to the CO₂ emission reduction obligation. The aforementioned four buildings that have been subject to the ordinance have all lowered CO₂ emissions in excess of the mandatory reduction as a result of measures such as improving the efficiency of heat source systems. Over the five years from 2008-2012 of the Environmental Security Ordinance's No.1 plan, the decline in our CO₂ emissions have exceeded the mandatory reduction by 39,000 tons.

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

		FY2010	FY2011	FY2012	FY2013	FY2014
Paper consumption	t	898	992	808	764	861
Recycled paper	t	338	377	592	524	508
Water use	thousand m ³	200	151	210	193	178
Total waste disposal	t	1,882	1,766	1,749	1,972	1,646
Paper disposal	t	1,360	1,360	1,361	1,064	1,057
Recycled amount	t	1,334	1,309	1,296	1,015	1,018
% of total	%	98	96	95	95	96
Other waste disposal	t	471	406	387	909	589
Recycled amount	t	233	207	96	357	142
% of total	%	49	51	25	39	24

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

Other Initiatives to Reduce Our Environmental Burden

As for copy paper, we have reduced our paper use over the past two years but our paper use in fiscal year 2014 rose 11.3% year on year, approaching the level where we were at several years ago. We have adopted a series of modest measures to reduce our paper use such as resetting printer and copier defaults to settings that reduce paper consumption, but there is a need for bold measures with greater impact. We strive to contribute to resource preservation in ways that reduce timber logging by increasing our procurement ratio of recycled paper. As for paper disposal volume, the overall trend is one of gradual decline year on year despite divergence (ups and downs) in trends at individual sites, and the recycling ratio remained

nearly unchanged at 96%. We will reduce the volume of paper disposal by continuing to implement reduction measures at departments disposing large amounts of paper and by doing all we can to ensure inventory control is rigorous and order placements are properly sized. We will also continue to consider measures to raise the recycling ratio in cooperation with companies that recover paper waste and companies that own recycling technologies. The annual disposal volume of waste other than paper declined 35.2% year on year in fiscal year 2014. This reflected the large amount of waste disposal on site consolidation and lease cancellations in fiscal year 2013, some of which carried over into fiscal year 2014.

2 Operational Improvement of Environmental Management

Establishment of Medium- to Long-Term Targets

The Group sets medium- to long-term targets for reducing CO₂ and creating a circular society with a view to enhancing initiatives of the whole Group. Our targets reference the numerical targets set by the Japanese Bankers Association,

and we plan to set our own targets based on the Basic Energy Plan etc. issued by Japan's national government.

Alignment with Initiatives to Improve Operational Efficiency and Reduce Costs

Through our operation of an environmental management system, initiatives to reduce our environmental load have taken root at buildings housing SuMi TRUST Bank departments and Group companies. We plan to improve the effectiveness and efficiency of our activities as a whole through integration of activities to reduce our environmental burden with company-wide initiatives to improve operational efficiency and reduce costs despite differences in the aims of specific activities in view of the commonality among many of the measures.

Medium- to Long-Term Environmental Targets for SuMi TRUST Bank

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

3 Initiatives to Reduce the Environmental Burden at Group Companies

We launched our environmental management system in 2008, and broaden the operational scope to encompass Group companies from 2013. The Shiba Building, the Fuchu Building, and the Senri Building have deployed the same environmental management system as the one at the head office building, where SuMi TRUST Bank is housed. Meanwhile, Nikko Asset Management Co., Ltd. ("Nikko AM") and Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. ("SMTMPC") operate independent environmental management systems as they strive to reduce their environmental loads.

Nikko AM pioneered SRI as exemplified by its development in August 1999 of Nikko Eco Fund, Japan's first SRI fund. With a strong determination to be actively involved in global environmental and social sustainability, Nikko AM is implementing CSR initiatives at scale and on an ongoing basis. As an asset manager, Nikko AM has signed up for the United Nations Environment Programme Finance Initiative (UNEP FI) and Principles for Responsible Investment (PRI), and through its core business, is actively working on CSR activities.

As for reducing its environmental load, it has targets to

Nikko Asset Management's Three Environmental Policies

Increase green investors

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

Promote office activities such as energy and resource conservation

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

Develop information disclosure

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

Environmental Performance of Nikko Asset Management

		FY2012	FY2013	FY2014	YoY Change
Electricity consumption	thousand kWh	1,068	1,025	1,026	0.1%
Total energy consumption	GJ	13,928	13,280	13,317	0.3%
CO ₂ emissions	t-CO ₂	532	508	510	0.4%
Copy paper procurement amount per employee	Piece	660	628	627	Down 0.2%
Stationery goods green procurement ratio	%	57.2	58.6	59.6	1.0%

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

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

reduce copy paper consumption, conserve electricity, and reduce CO₂ emissions as well as a green procurement program. Through measures to familiarize employees with these efforts, its performance on nearly all items in fiscal year 2014 either improved or was commensurate with that of the previous fiscal year.

SMTFPC aims to reduce electricity consumption, copy paper consumption and gasoline consumption. With the relocation of its head office and branches to new offices, its new floor plans are designed around compactness, and meeting spaces are set up for employees to bring their PCs with a network environment and projectors to enable them to present materials they have prepared. The head office is working to reduce paper consumption with such measures as the installation of a paperless meeting system executively for meetings of executives and directors, and progress in adopting electronic approvals for automated workflows for all forms. As a result, paper consumption fell a sharp 6.8% in fiscal year 2014.

As for gasoline, SMTFPC reduced its overall consumption 16.6% year on year despite higher usage volumes at some provincial branches due to an increase in their sales activities. The sharp decline reflected the Osaka office ending its use of vehicles for sales purposes as well as efforts to switch to electric vehicles, public transit, and car-sharing. SMTFPC reduced its electricity consumption 28.0% year on year. This can be attributed to office space consolidation versus fiscal year 2013 and the setting of simultaneous attainment of the dual goals of reducing night-time electricity usage and overtime work hours. Compared with fiscal year 2011, electricity consumption has been halved, contributing to both a small environmental load and lower expenses. SMTFPC no longer has garbage cans for individuals in its offices, providing large disposal containers for offices instead, an approach that enables it to reduce waste disposal and promote effective use of materials. It is working to reduce conventional burnable waste in its offices and to be thoroughgoing in ensuring that all trash is properly separated and sorted.

Environmental Performance of Sumitomo Mitsui Trust Panasonic Finance

		FY2011	FY2012	FY2013	FY2014	YoY Change
Copy paper consumption	piece	20,947,200	20,988,000	18,016,100	16,788,100	Down 6.8%
Gasoline consumption	l	—	186,384	167,991	140,031	Down 16.6%
Electricity consumption	kWh	2,464,246	1,923,028	1,691,772	1,218,525	Down 28.0%

4 Strengthening Supply Chain Initiatives

SuMi TRUST Bank makes it a priority to purchase environmentally friendly products, such as products covered by green purchasing and energy-saving products, in the case of purchasing of office supplies and equipment for in-house use. Beyond quantitative resource conservation, SuMi TRUST Bank believes it has an obligation as a user to ensure the sustainable use of natural capital and prevent illegal logging of tropical rainforests.

The CSR procurement policy devised by SuMi TRUST Group calls for preferential procurement of goods and

services that give due consideration to the environment and society, and we are moving ahead with CSR procurement, including at Group companies. To securely promote CSR procurement, the cooperation of suppliers involved in production and sales are necessary. In cooperation with suppliers, we plan to expand the scope of product items covered by CSR procurement to paper products, printed materials and office supplies well as office machinery and equipment. (As for the CSR procurement policy, please refer to Page 89)

Sustainability Policy 5

Respect the Individual

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



Human Rights and SuMi TRUST Group

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



1 Human Rights Management

Establishment of Human Rights Policy

Under the "Basic Policy on the Social Responsibility of Sumitomo Mitsui Trust Group (Sustainability Policy)," the Group upholds respect for individuals' human rights and diverse values and rejects unjustifiable acts of discrimination in all its activities. Moreover, in order to ensure the execution of this policy, the Group formulated the human rights policy, which serves as a standard for acts and judgments concerning human rights, in December 2013. Based on this policy,

the Group respects the human rights of all stakeholders with whom we are involved when conducting routine business activities and providing products and services.

Basic Philosophy

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

Human Rights Policy

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

1. Respect International Standards

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

2. Prohibit Discrimination

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

3. Foster a Corporate Culture that Respects Human Rights

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

4. Establish a Pleasant Workplace Environment

We establish a pleasant workplace environment by encouraging all executives and employees to treat each other as business partners

and build equal relationships that allow a free exchange of opinions.

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

5. Ensure Fair Recruitment

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

6. Implement Human Rights Education Training

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

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

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

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

*1 Human rights due diligence refers to a series of initiatives to identify actual or potential impact on human rights, resulting from the activities of the Group or related outside parties, to develop measures for the prevention or mitigation of such impacts, and to continuously verify and disclose the effectiveness of such measures.

*2 A check list serves to verify the progress in each department concerned with the Human Rights Management System, such as the status of implementation of human rights due diligence, compliance with the Human Rights Policy, and occurrence of human rights violations.

Outline of the Human Rights Management System

The Human Rights Due Diligence Liaison Committee chaired by the Head Office Executive of the CSR Promotion Office, Corporate Planning Department, was established in December 2013 as a joint organization by Sumitomo Mitsui Trust Holdings ("SuMi TRUST Holdings") and Sumitomo Mitsui Trust Bank ("SuMi TRUST Bank"). The roles of the concerned units are as follows.

Human Rights Due Diligence Liaison Committee

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

Departments Forming Human Rights Due Diligence Liaison Committee

Sumitomo Mitsui Trust Holdings

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

Sumitomo Mitsui Trust Bank

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

Corporate Planning Department

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

Human Resources Department and Human Rights Education Committee

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

Organizational Structure of the Human Rights Education Committee

Chairman	Executive in charge of the Human Resources Department
Vice Chairman	General Manager of the Human Resources Department
Members	General Managers and employees responsible for personnel affairs at branches and departments
Secretariat	Human Resources Department

All Branches, Departments, and Affiliates at Home and Abroad

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

Main Items on the Human Rights Due Diligence Self-check List

- ☒ Consideration for Human Rights Issues in Management
- ☒ System to Promote Human Rights Awareness (system administration, response when human rights issues occur, etc.)
- ☒ Human Rights Education (implementation of human rights awareness training, etc.)
- ☒ Response to Human Rights Issues by Category
 - ☒ Understanding and awareness of the Dowry Issue
 - ☒ Whether recruitment and hiring are implemented fairly
 - ☒ Companies and society (ending discriminatory expressions, understanding of universal design, etc.)
- ☒ Human rights in the workplace (harassment prevention, consideration for the elderly, consideration for the disabled, understanding for those with contagious diseases such as HIV, etc., understanding for LGBT community)
- ☒ Balancing work and family (consideration for employment diversity in personnel system, consideration for maiden name use, understanding for childbirth & childrearing support and for nursing case leave, etc.)
- ☒ Pursuit of job satisfaction (fairness in personnel evaluation and treatment, equality of opportunity, respect for the individual, safety and crisis management that take into account disabled and pregnant workers, etc.)
- ☒ Awareness activities about various human rights issues (discrimination on the basis of nationality, discrimination against the elderly, child labor; discrimination against lepers, those identifying as LGBT, and ex-convicts, etc.)
- ☒ Consideration for human rights issues in loans & investments and supply chain (racial discrimination, child labor, human health, environmental destruction that affects people's livelihoods, weapons and armament manufacture contrary to humanitarian concerns, fairness in hiring activities, consideration for employee human rights, etc.)
- ☒ Activities of those responsible for human rights awareness in Human Resources Department

Personnel Consultation Desk

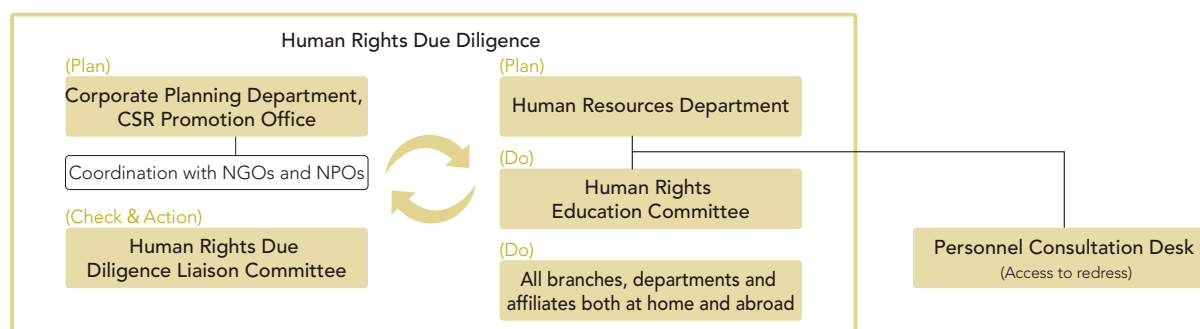
This desk engages in various consultations concerning human rights, while promptly taking necessary measures in coordination with concerned departments if a negative impact on human rights materializes. (Please refer to Page 102)

In fiscal year 2014, there were a total of 46 cases of consultation, all of which have been resolved.

Human Rights Management based on PDCA Cycle

Through the PDCA cycle, the Group strives to improve the quality of its human rights management so as to cultivate a workplace environment and corporate culture where the basic human rights of all stakeholders are respected, unjustified acts of discrimination are rejected, and individual rights and diverse values are respected.

Human Rights Management System Based on PDCA Cycle



2 Education concerning Respect of Human Rights

The Human Rights Education Committee dispatches a “Human Rights Awareness Tool” by e-mail to all employees on a monthly basis, which cites outstanding examples that illustrate respect for human rights. The Committee also organizes workplace-based human rights education training for about one hour per year for each employee on average at all branches, departments, and affiliates across the Group. In fiscal year 2014, 22,283 employees out of the 23,344 employees at 290 departments who were required to receive training received a total of 580 hours of training (training participation ratio of 95.45%).

In the meantime, human rights-related themes are taken up in collective training such as rank-based training and in

divisional meetings, in an effort to enhance human rights awareness among employees. In fiscal year 2014, 21 sessions of rank-based training were held for a total of 17 hours with the participation of a total of 1,749 employees.

Training concerning Human Rights in FY2014

	Number of trainees	Training hours
Workplace-based human rights education training	22,283	580
Rank-based training	1,749	17

3 Protecting Various Human Rights

Initiatives to Address Dowa and Foreign Residents Issues

The Group regards tackling discrimination against the Dowa minority as a particularly important theme in the promotion of human rights education. 2015 marked the fiftieth anniversary since the Dowa Council to the Cabinet issued its landmark “Japan’s Invisible Race” report on discrimination against the Burakumin caste and the fortieth year since the discovery of secret publications naming areas where the Burakumin caste were once forced to live and many still reside for use in discriminating against them in employment and marriage. The origins of our Group’s efforts to be more active in human rights education goes back to those Dowa Issue milestones. The Group has continued its efforts to increase employees’ level of understanding based on insights from external bodies, such as the Industrial Federation for Human Rights, Tokyo. At the same time, we have worked toward thorough elimination of prejudiced or discriminatory views through various training programs and education activities, including

new employee training.

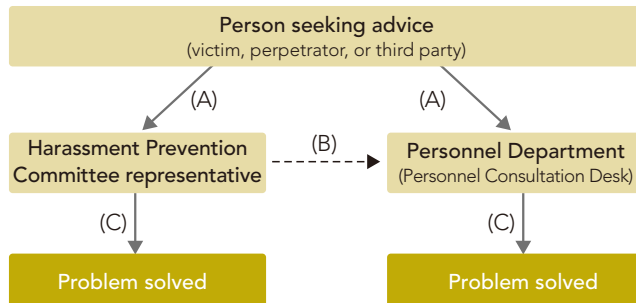
With regard to foreign residents issues, a new residency management system, launched on July 9, 2012, was discussed. Rank-based training was provided on giving consideration to the human rights of foreign residents, including the handling of personal authentication documents and respecting privacy, envisioning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

Prevention of Sexual Harassment and Power Harassment

Sexual harassment and power harassment are prohibited. In particular, we strictly prohibit sexual harassment. Such behavior can both damage the character of an individual and infringe upon his or her human rights. We have taken a particularly strict stance on prohibiting sexual harassment within the workplace. In terms of power harassment, we are

working toward the elimination of all forms of this problem. This problem is based on advantageous positions in the workplace. It is not limited to harassment by superiors of subordinates, but also includes harassment between senior employees and junior employees, colleagues, and even

Structure for Advice/Complaints and Response relating to Harassment



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

harassment by subordinates of their superiors. In the event harassment does occur, advice is sought and complaints are registered via the Harassment Prevention Committee representative in each branch and department, or directly by the Personnel Consultation Desk within the Human Resources Department. When advice is sought by a victim, a person in charge conducts an overall investigation that includes interviews with relevant parties on the specific behavior indicated, the relationship of the people involved, the response of the victim, etc. Either stringent corrective measures or punishment—or both—are implemented against the perpetrators.

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

Anti-discrimination Initiatives for LGBT Community

We hold study sessions and training to be thoroughgoing in ensuring sexual minorities such as LGBT do not face discrimination in hiring or in performing their work. For those with such concerns, our Personnel Consultation Desk responds to their concerns as an ally (supporter).

Moreover, in November 2015, several departments (Corporate Planning Department, Human Resources Department, Corporate Administration Department, Planning and Coordination Department, Retail Business Planning Department) came together to launch the LGBT Issue Information Liaison Committee.

4 Factoring Human Rights Issues into Lending and Investment Decisions

Basic Policy

The Group collects information on whether the business activities of the companies in our loan and investment portfolios, including those based overseas, negatively impact human rights. In cases where relevant laws, standards, and policies are violated, necessary measures are taken as appropriate.

Investments and Loans related to Cluster Bombs

The Group refuses to provide loans to either domestic or overseas borrowers for the purpose of financing production of cluster bombs, which are recognized as a weapon raising strong humanitarian concerns. In asset management as well, regarding active investment, the Group prohibits investment in companies involved in the production of clusters bombs and anti-personnel mines in principle. Regarding passive investment, the Group conducts engagement activities (please refer to Page 44).

Applying Equator Principles to Project Finance

Large-scale projects such as mine development and infrastructure can have substantial impacts on the natural environment and local communities. In February 2016, we became a signatory to the Equator Principles, international guidelines on project finance for private-sector financial institutions, and have commenced operational structures necessary for implementation (see page 89). The Group has adopted this framework to check whether large-scale development projects adequately factor in human rights and local communities.

5 Human Rights in Supply Chain Management

Based on the CSR procurement policy we have formulated, we strive to conduct transactions with and procure products and services from suppliers who respect basic human rights,

give consideration to industrial safety and health, and avoid violations of human rights, such as unjust discrimination, forced labor and child labor (Page 90).

Employment Conditions and Work Environment

Support for International Principles regarding Work

We support the ILO* Declaration on the Fundamental Principles and Rights at Work as a signatory to the UN Global Compact.

* ILO: International Labor Organization

Improving the Workplace Environment

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

Specific Initiatives

- Set a ceiling on overtime hours for employees who habitually work long hours
- Develop best management practices for implementing efficient operations
- Ensure a flexible approach is in place for cases involving long hours by encouraging employees to take half-day paid leave or come to work later in the day
- Regarding the status of overtime work hours and the management of systems to promote employee health, we discuss these issues four times per year at meetings of the Board of Directors and listen to the opinions of attendees, including those from external directors and external corporate auditors, and utilize these in drawing up and executing proposals.

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

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

Regarding skilled contract employees, SuMi TRUST Bank has started personnel affairs support services, including

rotation interviews with employees, through an affiliated company (Sumitomo Mitsui Trust Business Service). SuMi TRUST Bank prevents labor affairs problems by grasping the circumstances of individual employees and collecting opinions and views which may be difficult to express in the workplace through these services.

A Handbook for Overseas Employees, Domestic Employees Posted Overseas

Based on discussions (please refer to Page 85) by our ESG Risk Response Project Team, the "Overseas Application Handbook" SuMi TRUST Bank has published notes all the social and cultural custom risks that overseas employees and domestic employees sent overseas ought to be aware of.

In drafting the handbook, we referenced reports by Business for Social Responsibility (BSR), a nonprofit that originated in the United States that works with companies on sustainability issues, and research materials released by the Industrial Federation for Human Rights, Tokyo.

Understanding the customs and taboos emanating from the culture, religion, national identity, and unique attributes of each country enable our employees to obtain a deeper understanding of the behavior and sentiments of people in other countries and thus build a foundation for smooth communication and mutual trust. The handbook covers a wide array of bases from summary data on each country such as Transparency International's Corruption Perception Index* (country rankings), manners for various scenarios such as when doing business or sharing a meal, widely shared sensibilities and basic knowledge as well as taboos, differences between Japanese culture, customs, and lifestyles and those of the relevant country to the human rights of women in each country and customs and rules arising from religion. With our Global Business Planning and Coordination Department and Human Resources Departments at the fore, we publicize the handbook to encourage employees to look through it as a reference before going overseas.

* Transparency International is an international NGO dedicated to fighting corruption, especially corruptions among public-sector authorities. The handbook's country ranking is based on Transparency International's Corruption Perception Index that covers 175 countries and territories.

Number of Consultations Concerning Labor Practices, etc. at SuMi TRUST Bank

FY2013	39
FY2014	46



Dialogue with Employees

SuMi TRUST Bank's labor union has a total of 8,586 members, equivalent to 63% of all of its employees (as of the end of March 2015).

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

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

branches and departments, are periodically held to discuss working conditions for union members and how to maintain the working environment.

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

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

Employee Breakdown (Sumitomo Mitsui Trust Bank)

	As of end of March 2014	As of end of March 2015
Number of employees	13,587 (6,430 men)(7,157 women)	13,552 (6,329 men)(7,223 women)
Hong Kong	35	44
Japan	13,011	12,910
China	129	143
Korea	3	3
Thailand	5	6
Singapore	114	123
Indonesia	6	6
UK	129	147
USA	155	170
Average age	41.8 (Male: 42.8)(Female: 41.0)	42.2 (Male: 43.1)(Female: 41.4)
Average continuous years of employment	12.5 (Male: 15.4)(Female: 9.9)	12.8 (Male: 15.8)(Female: 10.2)
Average annual salary	7,246 thousand yen	7,205 thousand yen
Number of temporary staff	651	536
Number of part-timers	171	128
Number of disabled persons employed	259 (Disabled person employment ratio: 1.86%)	259 (Disabled person employment ratio: 2.06%)
Number of employees using the Elder Partner Program	542	485
Number of absentees (annual)	390 (149 men)(241 women)	330 (131 men)(199 women)
Number of employee turnover (annual)	332 (88 men)(244 women)	318 (84 men)(234 women)
Number of work-related accidents (annual)	106 (accidents during work: 63; accidents during commuting 43)	90 (accidents during work: 51; accidents during commuting 39)

Toward the Realization of a Healthy Work-Life Balance

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

The Group actively works to establish a workplace environment where employees can work while feeling at ease and still maintain a good balance between work and their personal lives. SuMi TRUST Bank offers childcare leave for fathers and up to 10 days per year (in the case of employees with two or more children requiring care) of additional leave to look after sick children, in addition to offering childbirth and childcare leave until children reach the age of two. Furthermore, we offer employees who are pregnant or who live with and raise children of or below the third grade of elementary school a system of shorter working hours and the freedom to choose to refrain from working overtime or at night. These measures have allowed us to create an environment where parents can raise their children with peace of mind. Moreover, we plan to enable the 303 employees taking childcare leave as of end-March 2015 to access Web Campus while on leave and to make forms to file for childcare leave extensions, etc. available on the website. We plan

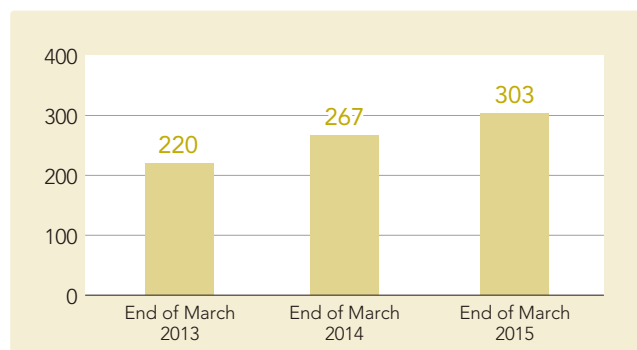
to prepare introductory handbooks for employees and managers on this system, various procedures, and points to be considered.

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

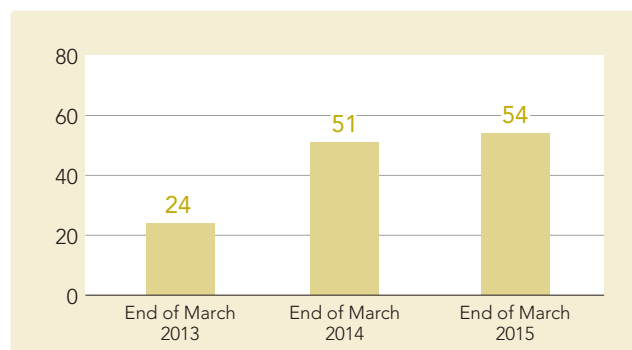
In addition, we hold "Family Visit Days," when family members of employees are invited to the workplace in order to deepen bonds and communication between family members, and to provide an opportunity for families to consider what it means to work as part of society.



Number of Employees Taking Childcare Leave



Number of Employees Taking Nursing Care Leave



SuMi TRUST Bank's System for Childbirth and Childcare (as of end of March 2015)

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

Supporting and Improving Human Capital to Enhance Corporate Value

1 Basic Policy

Basic Policy for Personnel Affairs Management

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

Personnel System and Management Principles

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

2 Recruiting Great People

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

Like in the previous year, we offered internships and featured CSR as a workshop theme.

More than 50,000 recent graduates applied via the website during the recruitment period for new entrants to join the Group in April 2016. As the number of job applicants has been increasing year after year, we pick successful applicants through a rigorous selection process.

Number of New Recruits

	Total (total of male and female)	Male	Female
FY2012	312	130	182
FY2013	334	140	194
FY2014	377	152	225
FY2015	377	166	211

3 Personnel Assignment System Supporting Our Business Strategy

Career Course System Enabling Proactive Choice

SuMi TRUST Bank has implemented a course-based system that promotes employee career formation. Employees are streamed into three courses, the G Course, the R Course, or the A Course, depending on their likelihood of being transferred and the nature of their work duties.

There is also a system, applied to all courses, that places

employees into four work groups based on their demonstrated capabilities. By adopting this system, we encourage personnel management based on ability, rather than age or gender.

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

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

Respect for Employees' Will in Job Assignment

SuMi TRUST Bank determines job assignments after examining incoming new hires' aptitude through interviews with each of them before they formally join the bank. On the other hand, SuMi TRUST Bank attaches importance to new hires' will and motivation and provides them with opportunities to try acquiring qualifications hirers themselves desire (pension actuary, real estate appraiser, etc.) and offer them opportunities for challenging work at their first assignment (asset management and administration, market-related operations, etc.).

Internal Job Posting System

We have initiated an internal job posting system to encourage our employees to independently and voluntarily shape

their own careers. Under this system, employees applying for jobs to be allocated through the internal job posting system can move to the departments where the jobs are available if they pass the Human Resources Department's selection process.

Personnel Exchanges among Group Companies

At SuMi TRUST Bank, from the standpoint of bolstering our human resources across the entire Group and bolstering group-wide management, we promote seconding Group employees not only to affiliates but we also accept employees from affiliates at the parent bank. We offer training to Group employees seconded to affiliates at Sumitomo Mitsui Trust Career Partners Co., Ltd. to ensure such personnel exchanges go well.

4 Promote Diversity via Personnel Utilization

Our management principles call for providing a workplace where the diversity and creativity of our employees are more fully utilized to add value to the organization and where employees can have pride and be highly motivated in fulfilling their missions. Our aim is be a company where employees can on their own demonstrate their capacity to add value.

Promoting and Supporting Women

The Group ensures "the right people are placed in the right positions based on their capabilities in order that all of our

employees can realize their full potential." We make sure that decisions about managerial promotions are based on merit. As of the end of September 2015, SuMi TRUST Bank had nine female employees at the level of General Manager, 193 female employees at the level of Section Manager and 1,062 female employees at the level of Assistant Manager.

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

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

Number of Female Employees in Management Positions

	End of March 2014	End of September 2014	End of March 2015	End of September 2015
Level of General Manager	6	6	10	9
Level of Section Manager	180	179	186	193
Level of Assistant Manager	1,030	1,051	1,087	1,062

Employment of Disabled Persons

The Group hires disabled people who want to work, as well as to strive to create a more comfortable workplace for disabled people. As of March 31, 2015, our disabled person employment ratio was 2.06%.

Postretirement Employment of the Elderly

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

We certify employees with advanced expertise as Fellows, and have adopted a system where, depending on their results, their benefit levels do not decline. Employees that are eligible to become Fellows are re-employed through the age of sixty-five and, in principle, can extend their re-employment through the age of seventy.

Strategy for Recruiting Globally Minded Human Resources

We offer training every year to local-country employees working at our overseas branches and overseas subsidiaries and affiliates. Training is focused on deepening employee understanding of our operations and the bank. To strengthen networks among participants and business lines, the training includes a management strategy briefing with an accompanying discussion as well as classes on Japanese business culture and history, and overviews relating to our various operations.

To further promote our global human resources strategy, we plan to increase the number of employees sent from Japan to work overseas to 208 as of September 30, 2015 from 115 as of March 31, 2012. We also plan to increase the number of employees with foreign citizenship working in Japan to 34 as of September 30, 2015 from 22 as of March 31, 2012. Moreover, some employees hired at overseas locations will be transferred to other overseas locations.

5 Developing Next-Generation Human Resources

Employee Training and Skill Development

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

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

SuMi TRUST Bank's president serves as SuMiTRUST University's president, while SuMi TRUST Bank's executive in charge of the Human Resources Development and an outside expert serve as the university's vice presidents. The SuMiTRUST University receives advice regarding its management from Hitotsubashi University graduate school.

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

OJT	Practical education is provided systematically and continuously in the workplace.
OFFJT (various training programs)	<p>Trainees acquire knowledge and skills systematically at the SuMiTRUST University as a "place of learning."</p> <p>◆ Various training programs</p> <ul style="list-style-type: none"> • Training for new employees, rank-based training, business process-based training, language training (English and Chinese) <p>Carefully tailored training is provided according to the levels of experience and skill.</p> <p>◆ Web Campus</p> <ul style="list-style-type: none"> • Learning system using the Internet, including e-learning
Self-development support	Financial assistance to cover the cost of various qualification and examination tests
Internal job posting system	Opportunities to apply for jobs desired by employees are provided.
Various trainee programs	<p>Capability development training programs, including training for acquiring qualifications and language training programs, are implemented.</p> <p><Overseas training and language training programs (English and Chinese), business process trainee program (New York, London, Shanghai, Singapore, etc.)></p>

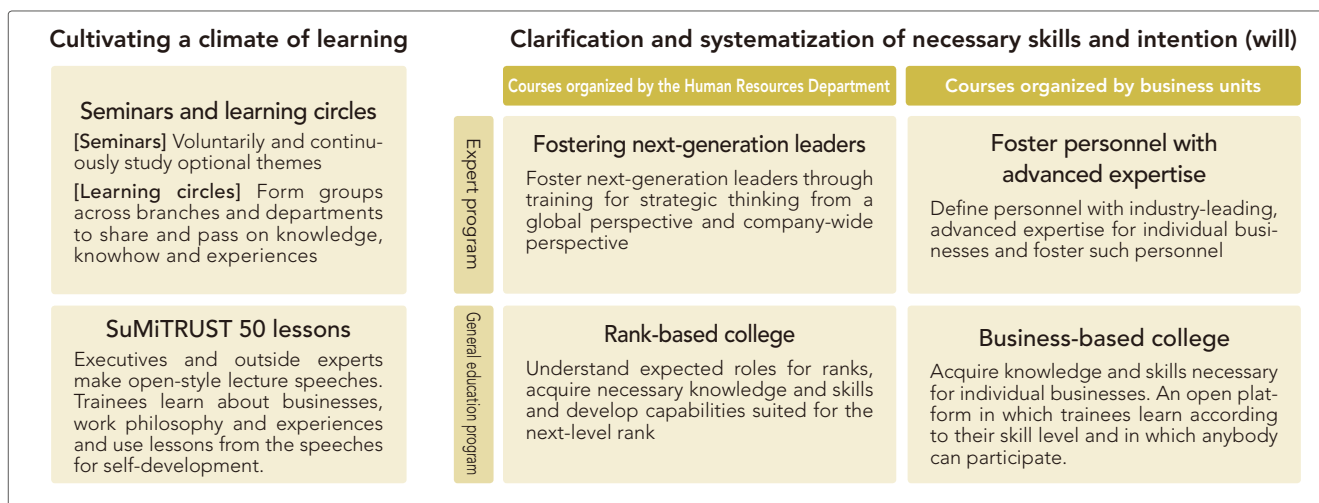
Developing Next-Generation Leaders

In cooperation with Hitotsubashi University's Graduate Programs, we offer "GL" training for Global Leaders (for Deputy Managers and equivalents) and SL training for Strategic Leaders (Managers, Operational Chiefs, or equivalents) to develop the next-generation executive candidates. Candidates receive instruction on the values, general liberal arts knowledge, and MBA elements they need for management, and through sessions and courses, they complete the

program by presenting a proposal to senior executives.

Through visits to historical Mitsui and Sumitomo sites and exchanges with external lecturers and exchange students, the program aims to reaffirm SuMi TRUST Bank's origins and business spirit, broaden horizons, instill global awareness, and enable participants to build networks within and outside the company.

Concept Image of SuMiTRUST University



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

Data concerning Training for Human Resources Development (FY2014)

Training implemented by business units*1	Training implemented by the Human Resources Department	SuMiTB Academy*2	Total
392 days (3,136 hours)	69 days (552 hours)	19 days (152 hours)	3,840 hours

*1 Separately, we provided 808 hours of operational training relating to systems integration.

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

6 Fair Evaluations and Treatment

Personnel Evaluation Systems with Individual Employee Participation

The purpose of our personal evaluation system is as follows.

- 1 To maximize our performance as an organization by aligning the vectors of the company and individual employees in the same direction;
- 2 To ensure goal setting and issue identification, daily communication, and face-to-face meetings to review performance, etc. lead to changes in behavior and capacity development;
- 3 To fairly evaluate the various achievements of employees and the diverse capabilities they have demonstrated to ensure they are assigned to appropriate jobs and treated justly.

SuMi TRUST Bank's personnel evaluation system enables individual employees to participate in the evaluation process. At the beginning of each business term, SuMi TRUST Bank's employees consult with their supervisors and determine specific business execution tasks.

After the end of the term, supervisors meet face to face with employees and review their attainment level versus issues identified and the process they went through to deliver results, provide them with assessments they find convincing, and afford them capability evaluations across the process they followed to achieve results.

Bonus System Reflecting Business Performance

From the perspective of encouraging individual employees to fully exercise their capabilities, SuMi TRUST Bank has introduced a system to appropriately reflect the business performance of the whole of the Group and individuals' performances and achievements in the bonus amount with a view to realizing "incentives for building up earnings for the whole Group as well as for contributing to business units, branches and departments" and "fair and highly transparent system management through clarification of the process of

reflecting business performance."

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

Results of the Employee Satisfaction Survey

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

	FY2011	FY2012	FY2013	FY2014
Vitality level	60.6	63.0	62.3	62.1
Satisfaction level	65.4	62.3	61.3	61.4

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

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

7 System for Employee Health Management

Employee Health Management

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

our health insurance association.

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

Specific Initiatives

- From the standpoint of bolstering employee health management, we thoroughly disseminate to employees their duty to manage their health, and from the standpoint of encouraging independent and voluntary health management, we offer e-learning courses.
- We ensure a flexible approach is in place for cases where employees are working long hours by encouraging them to take half-day paid leave or come to work later in the day.
- Regarding regular health checkups, re-examinations, and those who are unexamined but who need medical treatment, we commenced a comprehensive program for checkups in coordination with branches and departments.
- We offer influenza shots at the head office building, the Shiba Building, and some branches and issue warnings to protect against the spread of influenza, norovirus, and other infectious diseases.
- We encourage employees to participate in radio calisthenics at the start of the work day.
- Regarding the status of overtime work hours and the management of systems to promote employee health, we report on these issues four times per year at meetings of the Board of Directors, and we listen to a broad range of opinions, including those from external directors and external corporate auditors, and utilize these in drawing up and executing proposals.

Sustainability Policy 6

Participate in and Contribute to the Community

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



With You Activities Carried Out across Japan

As a good corporate citizen that embraces the idea of acting together "With You," Sumitomo Mitsui Trust Bank ("SuMi TRUST Bank") promotes social contribution activities rooted in local communities, known as "With You" activities, primarily through its local branch offices located across Japan.

Support for the environment and living creatures



- ESD Project (environment education)
- Conservation activities to protect and rear endangered species
- Donation activities
(Vending machines directing a percentage of sales to social contribution programs, Bellmark, ring-pulls on cans, used stamps, recyclable books, etc.)
- Initiatives to save energy at domestic offices
- Lobby exhibitions on World Heritage sites, nature, and biodiversity

We support the activities of Natural Trusts ▶ see Page 36

SuMi TRUST
With You[®]
Enhancement of trust through diligent efforts

Support for "successful aging"

- Send seminar speakers to organizations & local elderly-care homes
- Initiatives involving dementia
- Distribute "The Healthy Centenarian's Encyclopedia"
- Lobby exhibitions supporting "Second Life"
- Hold lectures and seminars for the elderly

Our Silver College seminar series ▶ see Page 31

Contributions to local communities and society



- Events offering financial education & workplace experience
- Participate in community development events
- Host seminars on disaster preparedness, initiatives to prevent financial scams
- Campaign to support traffic safety
- Lobby exhibitions with local roots
- Participate in local beautification & clean-up activities

Initiatives to Promote "With You" Activities



Initiatives Common to All Branches across Japan

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

With a view to promoting these activities systematically, SuMi TRUST Bank introduced a point system in fiscal year 2012 as a guideline that establishes standards for these activities, dividing activities into categories and measuring their degree of difficulty and effectiveness. The point system sets a baseline point target for each year and assesses each branch from the standpoint of "sales results

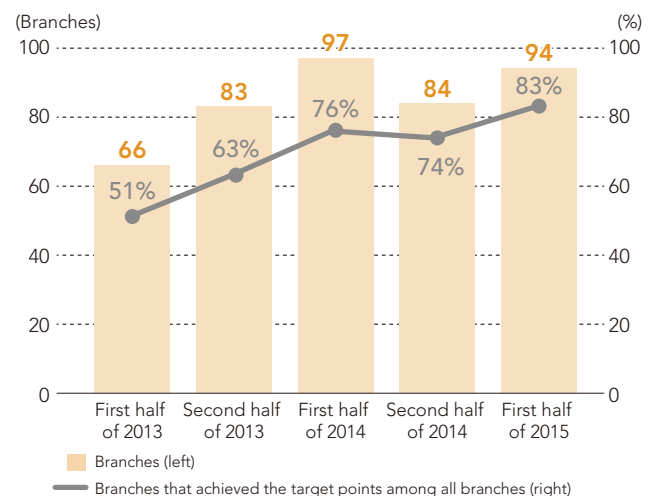
attainment," "environmental load reduction," "brand image improvement," and "information delivery" as well as on the basis of its ingenuity in achieving sales results and its activities to disseminate relevant information, and posts on its "With You" branch blog. The branches have been steadily achieving their targets since the system began, and the use of "With You" activities as an effective marketing approach has taken hold.

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

Goals of "With You" Activities



Branches that achieved the Target Points



Note: The total number of branches in each fiscal year was as follows: 130 branches in the first half and 133 branches in the second half of fiscal year 2013; 128 branches in the first half and 114 branches in the second half of fiscal year 2014; 113 branches in the fiscal half of fiscal year 2015.

Main Initiatives at Branches



Support for the environment and living creatures



Support for "successful aging"



Contributions to local communities and society

Meguro Branch

The Meguro Branch proactively engaged in "With You" activities, including participating in local community events, organizing special seminars, and displaying exhibitions in its lobby.

As for local community events, branch employees actively participated in the Meguro East Cherry Blossom Festival organized by the Meguro Tourism Association, opening a booth for the branch, playing musical instruments on stage, and helping local shopping street merchants and companies set up their booths.

As for special seminars, we organized them on the theme of legal guardianship for an adult, preparing wills, and bequeathing assets at a career support center for reemployment of post-retirement-age workers as well as one for people receiving psychosomatic and psychiatric treatment that seek to work and rebuild their social networks when they complete their treatment.

Together with the Meguro Gakuen Culture School, we organized and displayed exhibitions in our branch lobby and held events offering cultural experiences four



Cultural experience events and lobby exhibits organized jointly with the Meguro Gakuen Culture School



Participants in the Meguro cherry blossom festival



Special seminar

times, and these were included in a booklet the Meguro Gakuen Culture School published.

The Meguro Branch strived to increase the public profile of SuMi TRUST Bank through the rich variety of its initiatives and the diverse advertising media it utilized.

Sugito Branch

The Sugito Branch is participating in a comprehensive regional care system led by Higashi Saitama General Hospital as an initiative aimed at developing the market for seniors.

Specifically, the branch teamed up with the hospital to organize seminars on the following themes: the legal guardianship system for adults, key considerations in bequeathing assets, and dementia. The seminars provided local residents with information about comprehensive regional care.

The hospital also introduced us to the Saitama City Chamber of Commerce and Industry, and through the chamber, we sponsored a citizen study group for healthy living in Saitama Prefecture. Moreover, we were the first financial institution to send a speaker to hold a mini-seminar at Sugito-machi Salon, a senior citizen gathering sponsored by the elderly nursing care section at Sugito Town Hall and a local social welfare association.



Sponsored a seminar on feeling secure living as a senior



Participated in a community event through the chamber of commerce



Sent a speaker to Sugito-machi Salon



Kyoto Branch & Kyoto-Shijo Branch

The branches have hosted a total of 18 seminars since 2013. They invited speakers from Kawamura Noh Theater, the Daitokuji sub-temple on the Daisenin Temple grounds, and Kagome Co., Ltd., etc. on a wide variety of themes ranging from the history of classical Japanese "Noh" theater, the use of vegetables and yoghurt bacteria strains, iPS cells, etc.



Okayama Branch & Okayama-Chuo Branch

The branches invited students to visit them for extracurricular classes sponsored by Mimasaka University on the water head in forested lands held by National Trusts in the former Mimasaka domain in northeastern Okayama Prefecture. The classes also covered financial matters and included a tour of the branches. An overview of the extracurricular classes was shown on Mimasaka University's website, and the branches were able to raise public awareness of their CSR activities, including the environmental educational initiatives SuMi TRUST Bank carried out jointly with National Trusts the previous year.



Shiba Business Department

Since Silver College seminars commenced in 2012, branches have organized seminars on their own, coming up with ideas for themes. The first attempt at this was a seminar on how to enjoy champagne that included a small participation fee and drew many participants.



Yao Branch

In June 2015, the branch and Nippon Baratanago Takayasu study group, a local NPO, came together to organize a class about rhodeus ocellatus kurumeus (Nippon baratanago), a local endangered fish species, at Nakatakayasu Elementary School, a public school in Yao City, Osaka Prefecture. The class was covered by many media organizations, including NHK News and Sankei Shimbun.

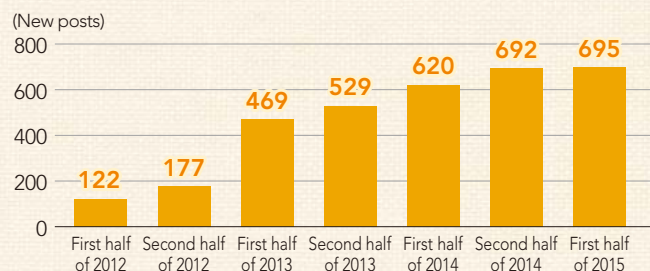


"With You" Branch Blog

Website URL: <http://branchblog.smtb.jp/>

SuMi TRUST Bank launched the "With You" branch blog site in 2012. In addition to introducing the "With You" activities of branches around the country, the branch blog has become an important tool for communicating with clients, providing them with timely information about seminars and panel exhibitions. It has also become a tool for deepening the relationship between our branches and local communities. With the number of blog posts by each branch increasing every year, the branch blog has now emerged as an important tool for disseminating information to local communities.

New Posts on the "With You" Branch Blog Website



Handing Out Branch-produced "With You" Booklets on Branch Activities

Branch-produced "With You" booklets have been published that introduce branch blogs, contain branch employee self-introductions, and provide an easy-to-follow summary of the initiatives it has implemented. The free booklets are handed out to clients.



Activities Aimed at Forming Ecology Networks

Protect natural habitats

The Group participates in campaigns to acquire sites with scholarly value and land that forms the habitats of endangered species that are led and organized by the Association of National Trusts in Japan. In 2015, the Sapporo Branch and Sapporo-Chuo Branch donated funds toward the acquisition of the Utasai bog (equivalent to 1,500 m² of the site), located within Kuromatsunai town, to conserve the high-elevation wetland, one of the oldest in Hokkaido. In 2014, the Kagoshima Branch donated funds toward the acquisition of forest land (equivalent to 8,066 m²) in Amami Oshima to conserve habitat for the endangered Amami rabbit. The Nakano Branch, the Tokorozawa Branch and the Tokorozawa-Ekimae Branch installed vending machines that direct a percentage of their sales to the National Trusts, with cumulative donations through October 2015 equating to a sum sufficient to acquire 1,100 m² of forest land in Chichibu, a source region for water supply to the greater Tokyo metropolitan area.



Cultivate movement volunteers: Awareness-raising initiatives

In fiscal year 2014, 51 branches in the SuMi TRUST Bank network displayed panel exhibits introducing the activities of the National Trusts. A movement that traces its origins to nineteenth-century England, the National Trusts acquires sites with natural value and historical buildings via donations from citizens. Its conservation activities protect private-sector sanctuaries as "trust land". In recognition that acquiring land in Japan via trusts is an effective vehicle with the potential for steadfastly protecting natural capital, SuMi TRUST Bank has long supported the activities of the National Trusts. The panel exhibits also introduce our activities on this score, such as environmental education focused on the role of the trust system in our products and trust land holdings.



Protect natural habitats

Cultivate movement volunteers

Improve employee learning and knowledge

Protect Japan's natural capital by building ecological networks

Protect flora and fauna

Conserve species

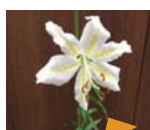
Improve employee learning and knowledge

SuMi TRUST Bank branches nationwide carry out CSR activities ("With You" activities). Embracing the idea that "we enjoy lives of abundance thanks to the blessings of natural capital," our branches promote various activities with local community roots to protect familiar natural capital in the region, highlighting "support for the environment and living creatures," one of the three major themes defining our "With You" activities. Among these initiatives are employees joining environmental conservation activities and hosting eco tours as well as employee participation in various events that partner with local and regional authorities. The branches provide information for external stakeholders via branch blogs on a dedicated website.

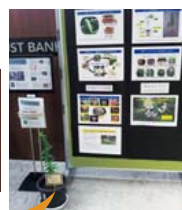


Conserve species

One of our branches works to protect species endemic to Japan as a way to support the environment and living creatures. The Shin-Yurigaoka Branch (Kawasaki City) is a participant in an Asao Ward project to promote planting of the Goldband Lily in Yurigaoka, where it once grew naturally. Branch employees take part in planting and caring for seedlings, and are partners in spreading the word about activity reports and Goldband Lily photo exhibits sponsored by associated organizations. Employees have even cultivated lilies from the seedling stage inside the branch. The branch's active participation is meant to appeal broadly to the Shin-Yurigaoka community on the Goldband Lily's place in the area's native habitat.



A Goldband Lily



Protect flora and fauna

Some of our branches work to protect species endemic to the region where they do business as a way to support the environment and living creatures. Several branches have fish tanks where they breed endangered species such as the rhodeus ocellatus kurumeus fish (Nippon baratanago) and types of Japanese Medaka rice fish indigenous to specific regions, and other branches house lobby exhibits on Japan's designated natural treasures such as the Deepbody Bitterling fish. Branches across Japan are joining the growing circle with such initiatives, and many more plan to embark on their own project under the aegis of the "SuMi TRUST Osakana (fish) Project."



A Japanese Medaka rice fish

Our Activities Supporting National Trusts

A movement that traces its origins to nineteenth-century England, the National Trusts acquires sites with natural value and historical buildings via donations from citizens. Its conservation activities protect private-sector sanctuaries as "trust land," highlighting this approach as an effective way to steadfastly protect natural capital. The National Trusts as a movement in Japan goes back to 1960, and the scope of its activities has broadened to now include over 50 regions across Japan.

SuMi TRUST Bank recognizes that increasing National Trusts landholdings is an investment in the foundation supporting our livelihoods, and through land acquisitions, environmental education, and our products using the trust system, we support its activities, which are rooted in the characteristics of each site.

Forest where Amami-no-kurousagi (Amami Rabbit) lives

SuMi TRUST Bank has joined the Trust Campaign run by the Association of National Trusts in Japan to protect the rare Amami Rabbit, whose sole habitats are the islands of Amami Oshima and Toku-no-shima. The Kagoshima Branch donated a sum commensurate to that needed to purchase 8,066 m² of forest lands for the rabbit.

Nakaikemi Wetlands

The roughly 25-hectare Nakaikemi wetlands, surrounded by mountains on three sides, are rich with nature and designated under the Ramsar Convention. SuMi TRUST Bank has produced a video on the wetlands highlighting the 3,000 species of flora and fauna that call it home despite its proximity to a city center. The video is to be used for environmental education in Fukui Prefecture.

Forest where Tsushima leopard cats live

The Tsushima leopard cat is an endangered wildcat living exclusively on Tsushima Island, Nagasaki Prefecture, with its population now down to just around 100. In addition to programs for Kuromatsunai-cho and Amami Oshima, SuMi TRUST Bank administers a donation program for funding purchases of National Trusts landholdings through social contribution donation trusts.

Tenjinzaki

Tenjinzaki is a promontory in Tanabe City, Wakayama Prefecture. Despite its location near a city center, the site is home to a rich natural environment. SuMi TRUST Bank produced education videos from interviews conducted by students of a nearby elementary school, and used these for environmental education classes.

Water Head in Mimasaka Forest Trust

The water head for the Yoshii River watershed is in a 62 hectare forest where nature has been preserved in a pristine state. SuMi TRUST Bank created educational materials on the water head forest and used them to teach environmental education classes to elementary school students, prompting the students to think about the importance of water.

Utasai Bog, Hokkaido's Oldest

SuMi TRUST Bank joined a campaign led by the Association of National Trusts in Japan to protect the Utasai Bog, the oldest high-elevation marshland in Hokkaido with a history that goes back 24,000 years. The donation of the Sapporo Branch and Sapporo-Chuo Branch for the Utasai Bog is commensurate to the sum needed to purchase 1,500 m² of the site.

Northernmost Beech Forest

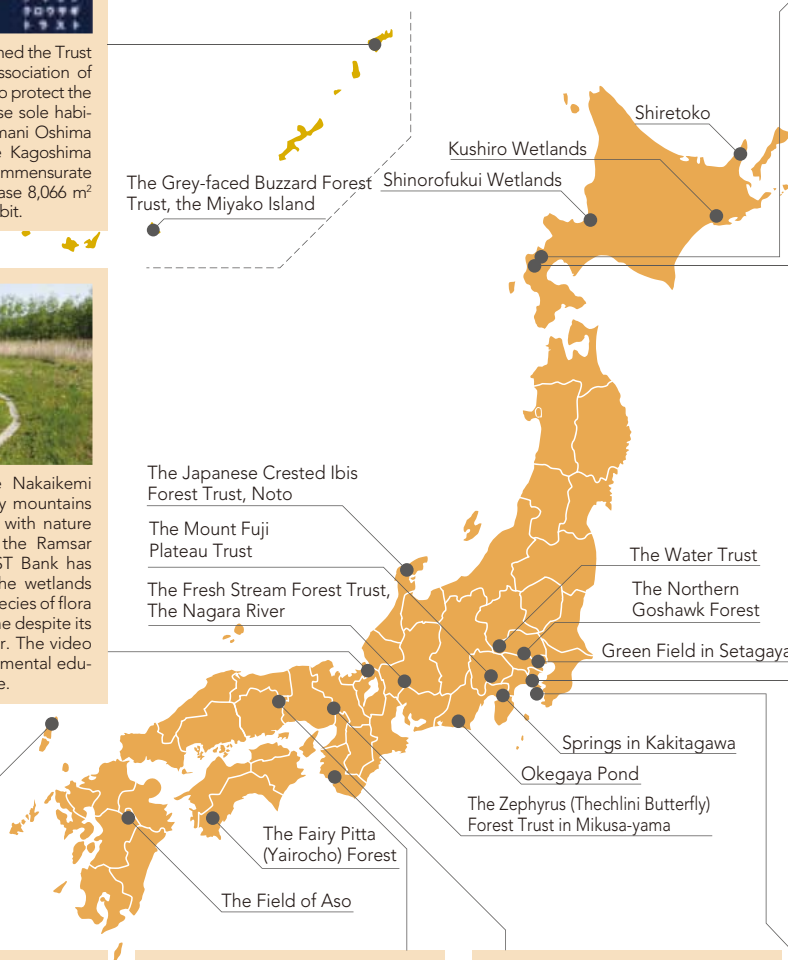
The Beech Forest in Kuromatsunai-cho is the most northern habitat of native beech. Moreover, the forest is valuable for awakening us to the environmental changes caused by global warming. Employees of the Sapporo Branch and Sapporo-Chuo Branch planted beech saplings on the National Trusts site and are active in regular activities to conserve the beech trees.

Oyatsu Forest

Oyatsu Forest spreads out behind the Tsurugaoka Hachimangu shrine. To protect this forest, the Kamakura Environment Conservation Society was established in 1964 as the first National Trusts chapter in Japan. SuMi TRUST Bank sponsored an environmental education class in Kamakura City to mark the 50th anniversary of the Society's founding.

Koaji Forest

Koaji Forest, located near the tip of the Miura Peninsula, has been preserved by the activities of the National Trust chapter in Kanagawa Prefecture. SuMi TRUST Bank, in collaboration with Green TV Japan, interviewed experts for an education video it produced for use in environmental education classes at elementary schools.



Education for Sustainable Development (ESD) Projects

SuMi TRUST Bank has worked on activities to raise awareness about National Trusts in collaboration with Green TV Japan, an Internet broadcaster specializing in the environment, on Education for Sustainable Development* (ESD) projects aimed at children, from whom tomorrow's leaders will come.

Since 2012, this project has developed videos on nature conservation activities and National Trusts sites across Japan

for use in local classrooms. Appealing to the audiovisual sense of children, these educational videos communicate a large amount of information in a short span, directing the interests of children toward learning, and it is hoped the videos will increase their interest in the real world around them and relevant issues.

* ESD is a United Nations Education, Scientific and Cultural Organization (UNESCO) program.

Kamakura's Oyatsu Forest

The fourth ESD Project, implemented in January 2015, is a video featuring the Oyatsu Forest in Kamakura, an ancient former capital of Japan. Using this video and other materials, an SuMi TRUST Bank employee taught fourth- and fifth-grade students at Shichirigahama Elementary School, a public school in Kamakura City (Kanagawa Prefecture), a class about how those seeking to protect Forest Oyatsu sparked a nature conservation movement that became the National Trusts, together with those seeking landscape protection to pass on historically important culture heritage for future generations. The students were taught this movement sparked the passage of the Ancient Capitals Preservation Law that protects ancient capitals across Japan such as Kyoto and Kamakura from unbridled development and enables these historic cities to live on as preserves of traditional Japanese cityscapes. Kamakura's mayor Takashi Matsuo came to observe the class for fifth graders and told

the children "it is important for everyone to be interested in protecting our cityscapes and nature and behaving in ways that achieve this. We need to do our best to learn what our ancestors thought and work together."



Students learn about protecting the forest around the famous Tsurugaoka Hachiman-gu shrine in Kamakura



Ovation for Mayor Takashi Matsuo

Nippon Baratanago Fish in Yao City

The fifth ESD Project, implemented in June 2015, is a video on the Nippon baratanago fish, an endangered species. The Yao Branch has bred Nippon baratanago fish in tanks inside the branch since 2005, and branch employees continue to inform the community about the importance of their conservation activities. As an instructor for a class of fifth-grade students at Nakatakayasu Elementary School, a public school

in Yao City (Osaka Prefecture), we recruited Mr. Yoshihiko Kanoh, a director of an NPO dedicated to researching this fish, the Nippon baratanago Takayasu study group. The instructor started the class with a video on draining an irrigation pond (a periodic major cleanup to remove slime) to conserve its living organisms as well as local nature and culture, and the students learned that protecting the Nippon baratanago fish is the same as protecting Nakatakayasu's rich natural endowment and culture.

At the "Full of Life Yao Eco Festival" in October hosted by Yao City, we set up a special corner running videos of the ESD project in Yao on the Nippon baratanago fish. The videos were very popular, drawing crowds of children and adults at the eco-festival sponsored by "Environment Animated Yao," a local environmental council that has set up an office in the Yao City Office.

The sixth ESD project on Fukui Prefecture's Nakaikemi Wetlands is scheduled to be implemented in 2016.



Students eagerly take notes as Mr. Kanoh dissects a freshwater mussel



A special corner set up at the "Full of Life Yao Eco Festival"



Timeline of ESD Projects on Natural Trust Themes

Aiming to provide environmental education that brings nature into the classroom and energizes National Trust activities



2012
Local elementary school students interview a local expert at Tenjinzaki, Wakayama Prefecture.



2013
An expert is interviewed about conservation activities in Koajiro Forest in Kanagawa Prefecture.



2014
A National Trust staffer provides viewers with an introduction to the water head in forested land in Mimasaka, Okayama Prefecture.



2015
A video is produced on the Oyatsu forest in Kamakura, Kanagawa Prefecture, for use in classrooms.



2015
A video is produced on the Nippon baratanago fish in Yao City, Osaka Prefecture, for use in classrooms.

SuMi TRUST Bank received an award from the Biodiversity Action Award 2015 (sponsored by the United Nations Decade on Biodiversity 2011-2020).



via information sent to the entire community



Educational materials created from video footage



A SuMi TRUST Bank employee serves as a facilitator for a class using educational videos

Promoting Public Awareness about National Trusts

at home

Children talk with their family about what they learned

on the web

The day's video footage is immediately uploaded

at branch lobbies

Videos on class activities, etc. are shown



Green TV

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

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

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

Providing Educational Opportunities to India's Most Underprivileged through ISAK

Supporting India's Underprivileged Children via 'Shanti Bhavan'

The International School of Asia, Karuizawa (ISAK), opened in August 2014 as the first international boarding school in Japan that is intended to foster next-generation leaders. Accepting foreign students mainly from the Asia-Pacific region, ISAK high school provides support so that students with various backgrounds can have equal access to education. Counting both first and second year students, there are now a total of 98 students at the school, which operates on a small-class system where each class comprises 10 to 18 students. All lessons are in English. The high school's curriculum is designed so students can graduate with both a Japanese high school diploma and the International Baccalaureate (IB) Diploma, which universities around the world recognize in their admission process or regard as conferring eligibility to sit their entry examinations.

As an enthusiastic proponent of ISAK's guiding principles, SuMi TRUST Bank has acted as a foster parent for a foreign middle-school student in the summer school through 2013



ISAK school building located in Karuizawa

before ISAK high school opened, providing financial assistance to cover travel, stay and school expenses. Since 2014, we have sponsored middle-school students for the summer school that come from "Shanti Bhavan," an education program for India's most economically disadvantaged children. In 2015, SuMi TRUST Bank acted as a foster parent for Miss Thanuja Ramesh, a 13-year-old girl who is fluent in five languages and wants to become a systems engineer. SuMi TRUST Bank intends to provide continued support so that bright students can learn at ISAK.



Scenes from summer school

A Student's Thoughts after Attending the ISAK Summer School Program

I feel very thankful I could come to ISAK and be treated like everyone else, like a normal 15-year-old boy. I was able to eat delicious meals everyday with teachers, counselors, staff, and friends that interacted with me on the same level, and I spent time with them laughing and joking, and the classes were great. In my home country of Syria, the government is corrupt, and many people live without hope or freedom of expression, and they are treated unfairly and thrown into prison for no reason. They no longer feel. What I learned since I arrived at ISAK is that not taking risk is a risk in itself. Even if it appears at first that nothing can change, if you think creatively, it is actually possible to change things. Through my freedom to choose how to react and behave in response to whatever happens, I would like to change people in my homeland.



Saad is a boy born in Aleppo, Syria that is now living in Turkey as a refugee.



Highlighted countries and regions are the birth countries/homelands of students who attended the 2015 ISAK summer school program



Representative Director

Lin Kobayashi

ISAK's Vision and SuMi TRUST Bank's Involvement

We have hosted a summer school program for middle-school children every year since 2010. In 2015, 80 students from 31 countries, including Japan, enrolled in the program. Our mission at ISAK high school is to develop transformational leaders who explore new frontiers in service for the greater good of Asia and the global community. The attributes we seek are "tolerance for diversity," "the capability to identify and frame problems," and "the strength to take on difficult challenges." Middle-school students from different social, religious, and economic backgrounds as well as nationalities live together under the same roof throughout our two-week summer program, opening the door to interactions that enable them to learn from each other and gain respect for other cultures. At times they are shocked when the values they have grown up with collide with different values, and at times they discover new things about themselves as they work through their differences with others and grow as individuals.

At least one of the top students from the Shanti Bhavan

program for children from India's most underprivileged has enrolled in our summer school program every year since its launch. Two Shanti Bhavan students have been matriculated at ISAK high school since our August 2014 opening. It is our hope that when they return home, they will contribute to their communities by persevering in the face of the disadvantages of their birth at the bottom of the Hindu social hierarchy and change their communities. We hope their participation in our summer school program will be a formative experience for them and enable them to be catalysts for positive change for the people in their lives, in keeping with the ISAK mission. We appreciate the support we have received from Mitsui Sumitomo Trust Bank over the years that enables us to provide such opportunities to Shanti Bhavan students.

Shanti Bhavan's Mission as an Education Program for India's Most Underprivileged

Shanti Bhavan is an education program intended to foster children who are the most socially and economically disadvantaged under the Hindu-based system of hereditary social stratification. Dr. Abraham George, who is the program's founder, believes educating children is the most important way to improve the situation of people who are most disadvantaged by birth and break the negative cycle that extends to the next generation. Learning in a boarding school environment in a rural natural setting, the children enrolled in the Shanti Bhavan program receive a top-notch education aimed

at preparing them for the type of work they seek and developing their careers and that cultivates values that enable them to think, work and thrive globally. If children from these poor communities receive a quality education and become leaders later in life, their example could inspire other outcasts, including their families, and create positive spillover effects for future generations. If many other schools adopted education programs like Shanti Bhavan, this could open a pathway to abolishing the Hindu-based hereditary system of social stratification and discrimination that goes back more than 2,000 years.

A Thank-you Letter from Thanuja

Dear Sumitomo Mitsui Trust Bank,

Thank you very much for sponsoring my enrollment at ISAK summer school. I enjoyed making friends and the summer school program. I like meeting people from diverse cultures with different values and ways of thinking. I have discovered an interest in hearing how people with differing perspectives think about the world. The classes at ISAK are wonderful with a mix of people with different backgrounds and experiences coming together. I would like to return to ISAK as a high school student. I liked the leadership and diversity components of the classes, and enjoyed studying together and doing fun stuff with friends. I cannot fully express my feelings of gratitude. Thank you so much!

Love you always, Thanuja Ramesh India



Thanujas thank-you Letter

CSR Activities at Group Companies

Nikko Asset Management

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

In addition to proactively managing the Nikko AM Employee Charity Program, a social contribution program by employees, Nikko AM strives to advance CSR activities through its core business as a signatory to the United

Nations Environment Programme Finance Initiative (UNEP FI), Principles for Responsible Investment (PRI), and Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century). In particular, Nikko AM has been a member of the drafting committee for the Principles for Financial Action towards a Sustainable Society since its inception.

Oxfam Trailwalker Tohoku 2015

The Oxfam Trailwalker is a charity event in which teams of four people strive to reach the goal line. Nikko AM participated in the July 2015 event with a 50km course that opened in Fukushima Prefecture and required teams to finish in less than 24 hours.

The donations collected through the event are used for international cooperation activities such as helping people afflicted by poverty in developing countries and supporting reconstruction in the Tohoku region.



Oxfam Trailwalker
Tohoku 2015

FIT for Charity Run

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

Nikko AM has served as a member of the executive committee for this event since 2006 and also contributes as a corporate sponsor. In the November 2015 charity run, a total of 27 people with Nikko AM ties participated, centering on employees and their family members and friends.

"Cooked Rice" Volunteers

A joint effort with Second Harvest Japan Alliance, Japan's first food bank organized as a "public-interest corporation," "cooked rice" volunteers seek to collect items from food manufacturers, individuals, and others with surplus food as an alternative to disposal and to use such items to prepare warm meals for homeless people living on the streets. In October 2015, nine people from Nikko AM participated in this activity as "cooked rice" volunteers.



Sufficient portions for about 300 people were prepared and distributed.



Runners and volunteers enjoyed the run despite rain



Regular Gatherings for Child Wheelchair Maintenance

Nikko AM has participated in regular gatherings for child wheelchair maintenance held by a non-profit organization which sends wheelchairs for children abroad. The NPO is a beneficiary of the Nikko AM Employee Charity Program.

The NPO cleans and repairs second-hand wheelchairs for children and sends them free of charge to children overseas that need a wheelchair. At the November 2015 regular gathering, wheelchairs for disabled Thai children were tuned up and packed for shipment.



Volunteers cleaning and repairing wheelchairs

Food Drive

A food drive encourages families with surplus food to bring surplus items to their workplace or school where it can be collected and donated to local social welfare organizations, facilities, food banks, etc.

Nikko AM collected many food products including rice, pasta, canned foods, and food in retort packaging in a month-long food drive it implemented in October-November 2015.



A large quantity of food products were gathered in the food drive

Sumitomo Mitsui Trust Realty

In October 2014, Sumitomo Mitsui Trust Realty signed a contract with Nagoya City to collaborate and cooperate on the plan to regenerate Higashiyama Zoo and Botanical Gardens, and has since supported this collaboration in many ways. One example of this was the Grandchildren's Day event held at the zoo in October 2015.

The event bustled with many visitors on a day with favorable weather, and Sumitomo Mitsui Trust Realty offered commemorative photos to families with grandchild and handed out specially prepared calendars. Like in 2014, the specially prepared calendars were popular, and we ran out of calendars to hand out at around 15:00. Our distinctive mascot wearing his "Trust-san" outfit made his first appearance at a Grandchildren's Day event in 2015, and "Trust-san" was so popular that a line of people waited to have commemorative pictures taken with him.

Sumitomo Mitsui Trust Realty intends to continue with such activities in the future, working to cultivate employee awareness, raise our public profile in the Chubu region, and improve our brand image.



People wait in line to have commemorative pictures taken with Trust-san



Pictures taken at the event were delivered to the homes of participants the next day

Sumitomo Mitsui Trust Club

Medecins Sans
Frontieres (MSF)



Diners Club

Support Your Local Project

Diner Club, administered in Japan by Sumitomo Mitsui Trust Club, has established the "Support Your Local Project" to provide backing to Japanese people who are active around the world. The first recipient of its support is Medecins Sans Frontieres (MSF), known in English as Doctors without Borders.

To save people afflicted by myriad difficulties as a result of natural disasters or armed conflicts around the world, there are many Japanese people who venture out to these hotspots without regard for personal danger. The initiative is the first attempt to tap into hometown support for active locals with a strong desire to help others.

The initiative is based on the concept of locals who go to hotspots overseas receiving support from hometown supporters that do what they can to help within the confines of their lives. The goal is to send a message to the world from their shared hometowns as a way of

What is MSF?

Active since its founding in 1971, Medecins Sans Frontieres (MSF) was awarded the Nobel Peace Prize in 1999. It is a medical humanitarian organization that delivers emergency aid to people around the world affected by armed conflict and natural disasters as a private, international non-profit on the basis of need from a neutral, independent standpoint. Supported by over 38,000 health professionals and staff annually, our activities encompass more than 60 locations in countries and territories worldwide where our support is necessary.

Diners Club signed a member contract with MSF in 1999 and continues to accept donations through its cards. In the past few years, MSF has received over ¥250 million per year in donations from Diner Club members.



supporting these intrepid locals, drawing on the common bonds the doers and their supporters share for their hometowns.

Doctors active in MSF also have local roots, and the sense of mission that propels them onward first germinated and took root in the place they come from. The plan seeks to enable people with common hometown bonds to support brave locals.

The first salvo in this initiative is a March 2016 dinner event in Kyushu's Fukuoka City to introduce active MSF volunteers that come from and still reside in the Kyushu region. We plan to expand this initiative to other regions across Japan.

Locals who are active in MSF

(Dinner event planned in Fukuoka City in March 2016)



Kumi Matoba

Profession: Pharmacist

Comment: When I was an elementary school student, my mother told me "there are some incredible doctors!" while showing me a newspaper article. (It was about) "Doctors without Borders." I was deeply impressed by the bravery of MSF's name.

Overseas assignments:

January 2014-August 2014: Malawi
September 2014-March 2015: Uganda



Yoji Sugamura

Profession: Surgeon

Comment: Eight years ago as I approached mandatory retirement, I saw a golden opportunity to realize a dream for international medical cooperation that I had held since my youth.

Overseas assignments:

April 2007-May 2007: Nigeria
December 2007: Iran
June 2009: Democratic Republic of the Congo
January 2010: Sri Lanka
September 2011: Haiti
March 2013-April 2013: Pakistan



Kensuke Takahashi

Profession: Physician

Comment: I've been interested in medicine in developing countries since I was a student. After I finished training, I found a position at the Research Institute for Tropical Medicine in Nagasaki. The Ebola hemorrhagic fever epidemic was the reason I joined MSF.

Overseas assignments:

November 2014-March 2015: Ethiopia
August 2015-October 2015: Liberia

Ongoing Social Contribution Activities

Artist Support Program and Fund

The Artist Support Program was launched in June 2012 with the aim of providing talented young musicians opportunities to give high-quality performances. The program organizes about two concerts every month at Diners Club lounges in Ginza. In 2014, we launched a fund where Diners Club members could donate their reward points to support a "music outreach program" for Tokyo University of the Art's School of Music. In memory of the fund's founding, we sponsored a commemorative concert at Suntory Hall's Small Hall and plan to turn this into an annual event.

Room to Read

Since 2013, Diners Club has collected reward points from Diners Club members who donate them to Room to Read, a global organization that promotes literacy and gender equality in education. In addition, Diners Club provides prizes for Room to Read's charity parties, and it introduces members to the organization on the various media it uses to stay in contact with members.

SBI Sumishin Net Bank

This quiz event is billed as “economics Koshien*” and aims to make learning about finance and economics enjoyable for high school students across Japan. With 2015 marking the ninth time it has been held, a record-high 55 teams competed fiercely in the online preliminary.

Like in 2014, SBI Sumishin Net Bank sponsored the Online Economics Competition, a preliminary apart from the prefecture-based preliminaries where high school students respond to questions via the Internet. In the online preliminary, students competed on their knowledge of basic economics, their local economies, etc. with the winner advancing to national finals. The Rakuhoku High School team won the 2015 online competition and advanced to national finals. Of the 40 teams to win in the preliminaries and go on to national finals, the Rakuhoku High School team finished a solid eleventh.

Using its internet platform, SBI Sumishin Net Bank will continue sending its message as an internet bank for the purpose of sharing future happiness with people and creating a society of the future.

* Koshien is the national high-school baseball tournament held in August every year and broadcast nationally.



Rakuhoku High School team won the 2015 Online Economics Competition

Winner	“Lion Mode” team from Kyoto Furitsu Rakuhoku High School
Runner-up	“Kwangakuko Rikabu” team from Kwansei Gakuin Senior High School
Third-place	“Myuuzu” team from Miyazaki Kenritsu Miyazakinishi High School

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CSR Activities at Our Overseas Branches

Singapore Branch



Since SuMi TRUST Bank opened a branch in Singapore in 1981, it has actively participated in local and public-sector events. With 2015 marking the fiftieth anniversary of Singapore's founding, various public-private events were arranged.

The Singapore Branch supported the plant-a-tree program to commemorate the country's jubilee through donations to Garden City Fund (GCF), an institution of public character set up to conserve the environment and protect nature in Singapore.

A deputy director at the National Parks Board said at a November 2015 plant-a-tree event that Singapore was once a jungle with many trees and plants, but the buildup of residential and industrial buildings has reduced greenery in urbanized districts. The deputy director also said the board was pleased to receive donations as tree-planting is seen as an important Garden City initiative at the state government level.



Branch members participate in a plant-a-tree event

Reconstruction Support for Regions Afflicted by Great East Japan Earthquake

Planting Saplings for "Great Forest Wall" Project

Our involvement in this sapling-planting project started with an invitation to join from Dr. Akira Miyawaki, Professor Emeritus at Yokohama National University, the lecturer at a 2012 seminar to commemorate the new locations of the Sendai Branch and Sendai-Aoba Branch with the theme "The power of forests to renew—reconstruction and regeneration in harmony with nature." Under the plan, volunteers plant broadleaf tree saplings into an embankment that is to extend 300 kilometers along the Sanriku coast to create a forested tidal barrier embankment based on the inherent capacity of the land to foster flora. When completed, the tidal barrier is expected to offset some of the power of tidal waves, with the trees that have been planted into the mounds helping to prevent slope failure. As of January 2015, a total of 16,515 volunteers have planted 138,600 saplings since the project's inception.

The Sendai and Sendai-Aoba branches have continued as project volunteers since its launch in 2013, and Group employees and members of their family participated in the 2015 tree-planting campaign. To contribute to land regeneration and protect against future natural disasters, both branches will remain active.



Our Group comprised 27 concerned members



Planting saplings

Save Takata! The Yonesaki Apple Project

The Group has carried out projects to support reconstruction efforts across the Tohoku region since 2013. In 2015, 40 Group employees worked as volunteers to support apple growers in Rikuzentakata City.

Yonesaki apples are grown in the highlands of the Yonesaki district. Situated on slopes facing the ocean, the apple orchards are bathed in sunlight and exposed to ocean breezes that contain minerals. The tidal waves caused by the Great East Japan Earthquake washed up the slopes and reached some apple orchards, causing great damage and pushing some growers out of orchard management. Yet, despite living in a region struggling with depopulation and aging, many growers work hard every day to deliver an apple harvest they can take pride in.

Our team of volunteers helped the growers with fruit pruning and thinning. The pruners leave the healthy, well-shaped specimens and thin out the rest from clusters of five or six immature apples. This task is said to be the most important in apple cultivation. It takes about a week to finish the thinning process, and we were called in to help in June ahead of the peak ripening season.

In October, the growers contacted us to let us know the apples turned out well despite searing summer heat and typhoons. When thinning does not go far enough and apple trees become too heavily loaded down with fruit, this imposes a load on the trees and can affect their harvest volumes the following year, the growers said. They again expressed their gratitude to us for helping them with the thinning work and made arrangements so interested volunteers could purchase juice and jams made from Yonesaki apples directly from them. The apples, brimming with nectar, tasted exceptional.



Volunteers comprised 40 Group employees



Thinning-out immature fruit



Gift packs interested volunteers purchased

Other “With You” Activities

“Inheritance from Me” Series

Since June 2013, SuMi TRUST Bank has invited clients to share stories with an “Inheritance from Me” theme. These stories, up to 400-characters in length, are on the precious people, things, and matters the writer wants to pass on as an “Inheritance from Me” legacy for future generations. The stories selected for the Grand Prize and the Second Grand Prize are published as a collection in a booklet that is available at our branch lobbies across Japan.

In both the first and second competitions, three works were awarded Grand Prizes. The No. 1 Grand Prize winner is a story entitled “A life-sustaining ten-yen coin.” It describes how a ten-yen coin helped form a bond of trust between a teacher and a student. The story appealed to many, even inspiring Aki

Yashiro, a well-known Japanese enka (folksong) singer, to turn the story into a song. The second Grand Prize winner is a story entitled “The hand-wound wristwatch.” The writer looks back to a time when he and his wife are just barely making ends meet in the immediate post-war era and he gives her a wristwatch as an expression of his gratitude to her. The description of the close bond between a husband and wife who have spent so many years together stirs up unexpected emotions for many readers and tugs at their heartstrings.

We plan to continue to accept “Inheritance from Me” entries from people, encouraging them to send us stories infused with the precious memories of the most important people in their lives and of unforgettable episodes from their past.

No. 1
Grand
Prize:
“A life-
sustaining
ten-yen coin”

命をつなぐ十円玉
毎年桜の咲く季節を迎えると、思い出す恩師がいます。
「授業としない授業」一冊のムチと書かれたものさし。今ではあれは問題になった教師の一人かもしれない。
そんな卒業直前の最後の授業で彼はこう言った。
「これから卒業して進学する者、社会に出ていく者、其々の道を歩み、色んな経験をしていく中で、辛い、悲しい、涙山あるだろう。でも、これだけは覚えてほしい。君はひとりではない。どんなに苦しくても、決して死ねない。どんな相談にも、その時はの十円玉で電話をかけてきなさい。彼の言葉に力があつた。そして、ボチボチ入った十円玉をみんなに手渡した。
「十円玉は迷子にしないで。落とさないように。デパートでめったに買わずに、おつけ加え、皆が迷子にして、春に振ってみる。受験生の心遣い、まさか。今でも微笑ましい光景のついで。
公衆電話を見かけなくなった今でも、忘れろこのない私の遺産であり、命をつなぐ十円玉である。

Mrs.
Kaoru
Ashida
Hyogo
Prefecture

No. 2
Grand
Prize:
“The hand-
wound wrist-
watch”

手巻き腕時計
「気に入ったのがあったらこれで買ってきたら。」
出勤時妻に呼び止められ封筒を手渡された。お金が入っていると感じた。
私の腕時計は中古買いのせい、毎日修正を要するようなおまじろ。折々漏らす私の愚痴に家計を走り回りした妻が工面をしたらいい。会社内には日用品を並べる売店がある。腕時計も恰好よく飾られている。疑体みを持ちかねて行く。目当てなどないから決め手は見栄えと値段だ。封筒の中身に記憶がないが、当時昭和30年頃の私の月収は確か3万4千円。
結婚したのは昭和26年。未だに戦後が色濃く残る世相であった。実母の大病で奮も尽きそうな海永を踏む日々。そのような中で渡された封筒の中身には、妻の思い遣りと凝縮された苦労が窺えた。
私は時計を買って帰った。玄関に出迎えた妻に「これ」と言っただけ。
絶句した妻の顔に小さな涙が。私が買ったのは妻への腕時計だった。
あれから60年。一人ばちになった私の手元には、それは時を停めて眠っている。

Mr.
Kiyoshi
Nozaki
Saitama
Prefecture

The Healthy Centenarian's Encyclopedia: Data Compilation

In collaboration with ILC-Japan, which studies ageing societies from an international point of view, SuMi TRUST Bank has published a mini-handbook with assorted information on ageing called “The Healthy Centenarian's Encyclopedia.” The September 2014 revised edition introduces themes on population and lifestyles as well as health, medical care, and nursing care to plainly explain the situation of the elderly in Japan using graphs, tables, and pictures. The booklet is available in branch lobbies nationwide and is distributed to clients at seminars. We also use it in dissemination activities via branch lobby exhibitions.



Exhibitions with graphs and charts from “The Healthy Centenarian's Encyclopedia” are on display in the lobbies of the Shizuoka Branch, Shizuoka-Chuo Branch, and other branches.

“With You” Booklets

SuMi TRUST Bank engages in social contribution activities that are rooted in local communities, primarily through its local business offices across Japan, in order to build a strong bond of trust with community members. One way we do this is the publication of a quarterly report aimed at clients called “SuMi TRUST With You” that features articles of particular interest to seniors and topical issues. We think the report also serves as a tool for communicating information. In fiscal year 2015, the quarterly report ran a special series on housing options for the elderly and introduced specifics on how to think about a final residence in a super-ageing society where a shortage of nurses and nursing-care staffers is a concern as the senior population grows and increasing numbers need long-term care.



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

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

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



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

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

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

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



At the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity held in May 2008 in Bonn, Germany, the Group, together with 33 other companies from around the world, signed a leadership declaration under the Business and Biodiversity Initiative "Biodiversity in Good Company," which was led by the German government. Since that time, we have been playing a role as a leading company in this field and making proactive efforts to address this issue.

Signing the United Nations Global Compact (UN Global Compact)



The UN Global Compact, proposed by former UN Secretary-General Kofi Annan, is a code of conduct regarding human rights, labor, the environment, and anti-corruption. Signatory companies are called on to take measures to implement the compact. In July 2005, the Group signed the compact, becoming the first Japanese bank to do so, and declared its resolve to act as a good corporate citizen by complying with and promoting the code of conduct. The Group also became a member of the Global Compact Network Japan Network (GCN-JN), in which signatory companies of the UN Global Compact participate.

The Natural Capital Declaration



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

Accession to the Principles for Responsible Investment



SuMi TRUST Bank and Nikko Asset Management became signatories of the Principles for Responsible Investment (PRI), which were jointly established in May 2006 by the U.N. Global Compact and the UNEP FI. These principles require institutional investors and fund management institutions to give consideration to ESG factors when making investment decisions.

Membership in Business for Social Responsibility (BSR)



BSR, based in the United States, is an organization that promotes CSR, and it is engaged in the development of sustainable business strategies through collaboration with more than 250 member companies all over the world. In January 2010, the Group became a member of BSR and receives various forms of support in promoting CSR that is specific to business, such as the dissemination of information on global trends relating to sustainability.

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



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

GRI Content Index

Global Reporting Initiative (GRI)

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

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

* Global Compact

Indicator	Core Indicators	Page No.	GC*
GENERAL STANDARD DISCLOSURES			
Strategy and Analysis			
4.1 ●	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	P4,5	
4.2	Provide a description of key impacts, risks, and opportunities.	P1,82-88	
Organizational Profile			
4.3 ●	Report the name of the organization.	P138	
4.4 ●	Report the primary brands, products, and services.	P10-57	
4.5 ●	Report the location of the organization's headquarters.	P139	
4.6 ●	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	P138	
4.7 ●	Report the nature of ownership and legal form.	P138	
4.8 ●	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	P138-139	
4.9 ●	Report the scale of the organization, including: <ul style="list-style-type: none"> • Total number of employees • Total number of operations • Net sales (for private sector organizations) or net revenues (for public sector organizations) • Total capitalization broken down in terms of debt and equity (for private sector organizations) • Quantity of products or services provided 	P104,137-138	
4.10 ●	<ul style="list-style-type: none"> a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries). 	P104,106	
4.11 ●	Report the percentage of total employees covered by collective bargaining agreements.	P104	
4.12 ●	Describe the organization's supply chain.	P8	
4.13 ●	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: <ul style="list-style-type: none"> • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination 	P89-90,97	

Indicator	Core Indicators	Page No.	GC*
Commitments to External Initiatives			
4.14	● Report whether and how the precautionary approach or principle is addressed by the organization.	P85-88,91,93-97	Rule 7
4.15	● List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	P21,42-43,57,76,90-91,128	
4.16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: <ul style="list-style-type: none">● Holds a position on the governance body● Participates in projects or committees● Provides substantive funding beyond routine membership dues● Views membership as strategic This refers primarily to memberships maintained at the organizational level.	P128	
Identified Material Aspects and Boundaries			
4.17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	P6-8	
4.18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.		
4.19	● List all the material Aspects identified in the process for defining report content.		
4.20	For each material Aspect, report the Aspect Boundary within the organization, as follows: <ul style="list-style-type: none">● Report whether the Aspect is material within the organization● If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either:<ul style="list-style-type: none">– The list of entities or groups of entities included in G4-17 for which the Aspect is not material or– The list of entities or groups of entities included in G4-17 for which the Aspects is material● Report any specific limitation regarding the Aspect Boundary within the organization		
4.21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: <ul style="list-style-type: none">● Report whether the Aspect is material outside of the organization● If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified● Report any specific limitation regarding the Aspect Boundary outside the organization		
4.22	● Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.		
4.23	● Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.		
Stakeholder Engagement			
4.24	● Provide a list of stakeholder groups engaged by the organization.	P6-7, 59-66,90	
4.25	● Report the basis for identification and selection of stakeholders with whom to engage.		
4.26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.		
4.27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.		
Report Profile			
4.28	● Reporting period (such as fiscal or calendar year) for information provided.	Cover2,P139	
4.29	● Date of most recent previous report (if any).		
4.30	● Reporting cycle (such as annual, biennial).		
4.31	● Provide the contact point for questions regarding the report or its contents.		

Indicator	Core Indicators	Page No.	GC*
GRI Content Index			
4.32	<div><div></div><div>a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.</div></div>	P129-132	
Assurance			
4.33	<div><div></div><div>a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.</div></div>	—	
Governance			
Governance Structure and Composition			
4.34	<div><div></div><div>Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental, and social impacts.</div></div>	P68-76	
4.35	<div><div></div><div>Report the process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.</div></div>		
4.36	<div><div></div><div>Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics, and whether post holders report directly to the highest governance body.</div></div>		
4.37	<div><div></div><div>Report processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.</div></div>		
4.38	<div><div></div><div>Report the composition of the highest governance body and its committees by:<ul style="list-style-type: none">• Executive or non-executive• Independence• Tenure on the governance body• Number of each individual's other significant positions and commitments, and the nature of the commitments• Gender• Membership of under-represented social groups• Competences relating to economic, environmental, and social impacts• Stakeholder representation</div></div>		
4.39	<div><div></div><div>Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).</div></div>		
4.40	<div><div></div><div>Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including:<ul style="list-style-type: none">• Whether and how diversity is considered• Whether and how independence is considered• Whether and how expertise and experience relating to economic, environmental, and social topics are considered• Whether and how stakeholders (including shareholders) are involved</div></div>		
4.41	<div><div></div><div>Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum:<ul style="list-style-type: none">• Cross-board membership• Cross-shareholding with suppliers and other stakeholders• Existence of controlling shareholder• Related party disclosures</div></div>		
Highest Governance Body's Role in Setting Purpose, Values, and Strategy			
4.42	<div><div></div><div>Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social impacts.</div></div>	P68-76	

Indicator	Core Indicators	Page No.	GC*
Highest Governance Body's Competencies and Performance Evaluation			
4.43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.	P68-76	
4.44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including, as a minimum, changes in membership and organizational practice.		
Highest Governance Body's Role in Risk Management			
4.45	a. Report the highest governance body's role in the identification and management of economic, environmental, and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social impacts, risks, and opportunities.	P82-88	
4.46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.		
4.47	Report the frequency of the highest governance body's review of economic, environmental, and social impacts, risks, and opportunities.		
Highest Governance Body's Role in Sustainability Reporting			
4.48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	P6-7,68-76	
Highest Governance Body's Role in Evaluating Economic, Environmental, and Social Performance			
4.49	Report the process for communicating critical concerns to the highest governance body.	P68-76	
4.50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.		
Remuneration and Incentives			
4.51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: • Fixed pay and variable pay: (Performance-based pay, Equity-based pay, Bonuses, Deferred or vested shares) • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental, and social objectives.	P72	
4.52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.		
4.53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.		
4.54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.		
4.55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.		
Ethics and Integrity			
4.56	● Describe the organization's values, principles, standards, and norms of behavior such as codes of conduct and codes of ethics.	P1-3,77-81	
4.57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.		
4.58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.		

Indicator	Core Indicators	Page No.	GC*
SPECIFIC STANDARD DISCLOSURES			
Generic Disclosures on Management Approach			
4-DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	P6-8	
Category: Economic			
Aspect: Economic Performance			
EC1	Direct economic value generated and distributed	P137	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	–	
EC3	Coverage of the organization's defined benefit plan obligations	–	
EC4	Financial assistance received from government	–	
Aspect: Market Presence			
EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	–	
EC6	Proportion of senior management hired from the local community at significant locations of operation	–	
Aspect: Indirect Economic Impacts			
EC7	Development and impact of infrastructure investments and services supported	P10-24	
EC8	Significant indirect economic impacts, including the extent of impacts	–	
Aspect: Procurement Practices			
EC9	Proportion of spending on local suppliers at significant locations of operation	–	
Category: Environmental			
Aspect: Materials			
EN1	Materials used by weight or volume	–	
EN2	Percentage of materials used that are recycled input materials	–	
Aspect: Energy			
EN3	Energy consumption within the organization	P93-97	
EN4	Energy consumption outside of the organization	P93-97	
EN5	Energy intensity	P93-97	
EN6	Reduction of energy consumption	P93-97	
EN7	Reductions in energy requirements of products and services	P94-96	
Aspect: Water			
EN8	Total water withdrawal by source	–	
EN9	Water sources significantly affected by withdrawal of water	–	
EN10	Percentage and total volume of water recycled and reused	–	
Aspect: Biodiversity			
EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N.A.	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	N.A.	
EN13	Habitats protected or restored	P117	
EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	–	
Aspect: Emissions			
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	P93-97	

Indicator	Core Indicators	Page No.	GC*
EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	P93-97	
EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	P93-97	
EN18	Greenhouse gas (GHG) emissions intensity	P93-97	
EN19	Reduction of greenhouse gas (GHG) emissions	P93-97	
EN20	Emissions of ozone-depleting substances (ODS)	–	
EN21	NO _x , SO _x , and other significant air emissions	–	
Aspect: Effluents and Waste			
EN22	Total water discharge by quality and destination	–	
EN23	Total weight of waste by type and disposal method	P93-97	
EN24	Total number and volume of significant spills	–	
EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention (2) Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	P93-97	
EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	–	
Aspect: Products and Services			
EN27	Extent of impact mitigation of environmental impacts of products and services	P10-24,48-57	Rule 8,9
EN28	Percentage of products sold and their packaging materials that are reclaimed by category	–	
Aspect: Compliance			
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	–	
Aspect: Transport			
EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	P92-97	Rule 8
Aspect: Overall			
EN31	Total environmental protection expenditures and investments by type	–	
Aspect: Supplier Environmental Assessment			
EN32	Percentage of new suppliers that were screened using environmental criteria	–	
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	–	
Aspect: Environmental Grievance Mechanisms			
EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	–	
Category: Social			
Sub-category: Labor Practices and Decent Work			
Aspect: Employment			
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	P104,106	
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	–	
LA3	Return to work and retention rates after parental leave, by gender	P105	
Aspect: Labor/Management Relations			
LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	–	
Aspect: Occupational Health and Safety			
LA5	Percentage of total workforce represented in formal joint management—worker health and safety committees that help monitor and advise on occupational health and safety programs	–	
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	P104	
LA7	Workers with high incidence or high risk of diseases related to their occupation	–	
LA8	Health and safety topics covered in formal agreements with trade unions	–	

Indicator	Core Indicators	Page No.	GC*
Aspect: Training and Education			
LA9	Average hours of training per year per employee by gender, and by employee category	P101,109	
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	P106-109	
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	P106-109	
Aspect: Diversity and Equal Opportunity			
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	P68-76, 104-108	
Aspect: Equal Remuneration for Women and Men			
LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	–	
Aspect: Supplier Assessment for Labor Practices			
LA14	Percentage of new suppliers that were screened using labor practices criteria	–	
LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	–	
Aspect: Labor Practices Grievance Mechanisms			
LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	P103	
Sub-category: Human Rights			
Aspect: Investment			
HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	–	
HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	P99-103	Rule 1,2
Aspect: Non-discrimination			
HR3	Total number of incidents of discrimination and corrective actions taken	–	
Aspect: Freedom of Association and Collective Bargaining			
HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	–	
Aspect: Child Labor			
HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	N.A.	
Aspect: Forced or Compulsory Labor			
HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	N.A.	
Aspect: Security Practices			
HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	P101	
Aspect: Indigenous Rights			
HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	N.A.	
Aspect: Assessment			
HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	P99-101	
Aspect: Supplier Human Rights Assessment			
HR10	Percentage of new suppliers that were screened using human rights criteria	–	
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	–	
Aspect: Human Rights Grievance Mechanisms			
HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	P101	

Indicator	Core Indicators	Page No.	GC*
Sub-category: Society			
Aspect: Local Communities			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	–	
SO2	Operations with significant actual and potential negative impacts on local communities	–	
Aspect: Anti-corruption			
SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	–	
SO4	Communication and training on anti-corruption policies and procedures	P77-81	Rule 10
SO5	Confirmed incidents of corruption and actions taken	P80	
Aspect: Public Policy			
SO6	Total value of political contributions by country and recipient/beneficiary	–	
Aspect: Anti-competitive Behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	–	
Aspect: Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	–	
Aspect: Supplier Assessment for Impacts on Society			
SO9	Percentage of new suppliers that were screened using criteria for impacts on society	–	
SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	P89-90,97	
Aspect: Grievance Mechanisms for Impacts on Society			
SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	–	
Sub-category: Product Responsibility			
Aspect: Customer Health and Safety			
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	N.A.	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	N.A.	
Aspect: Product and Service Labeling			
PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	N.A.	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	N.A.	
PR5	Results of surveys measuring customer satisfaction	–	
Aspect: Marketing Communications			
PR6	Sale of banned or disputed products	N.A.	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	–	
Aspect: Customer Privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	–	
Aspect: Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	–	

Financial Highlights

In the consolidated financial results for FY2014, net business profit before credit costs increased by ¥30.8 billion year on year to ¥316.7 billion, thanks to higher net interest income and related profit as well as net fees and commissions and related profit at SuMi TRUST Bank (non-consolidated).

Net income grew by ¥21.9 billion year on year to ¥159.6 billion, due to an improvement in total credit costs, which offset the costs of banking IT system integration recorded at SuMi TRUST Bank (non-consolidated).

Regarding our year-end dividend on common shares, we paid ¥6.50 per common share in line with our policy targeting approximately 30% as a consolidated dividend payout ratio. The annual dividend for the fiscal year increased by ¥2 per share from the previous fiscal year to ¥12.00 per common share, including the ¥5.50 interim dividend per share we paid last December.

• Overview of the Financial Results in FY2014

<Consolidated> Sumitomo Mitsui Trust Holdings (Consolidated)

Billions of Yen (Unless specified otherwise)

	FY2014 (A)	FY2013 (B)	Change (A)–(B)	Rate of change
Net Business Profit before Credit Costs	316.7	285.8	30.8	10.8%
Ordinary Profit	292.4	258.0	34.4	13.4%
Net Income	159.6	137.6	21.9	16.0%
Total Credit Costs	19.3	9.1	10.1	110.4%
Return on Equity	7.17%	7.13%	0.04%	—
Net Income per Common Shares (Yen)	40.38	34.48	5.90	17.1%
Net Assets per Common Shares (Yen)	618.63	511.02	107.61	21.1%

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

Billions of Yen (Unless specified otherwise)

	FY2014 (A)	FY2013 (B)	Change (A)–(B)	Rate of change
Net Business Profit before Credit Costs	245.7	211.8	33.8	16.0%
Net Interest Income and Related Profit	233.4	215.7	17.6	8.2%
Net Fees and Commissions and Related Profit	201.0	195.7	5.3	2.7%
Net Trading Profit	32.4	24.3	8.0	33.0%
Net Other Operating Profit	27.2	25.6	1.6	6.3%
General and Administrative Expenses	(248.5)	(249.7)	1.1	0.5%
Net Non-recurring Profit, etc.	(15.6)	(23.4)	7.7	33.2%
Ordinary Profit	230.0	188.4	41.5	22.1%
Extraordinary Profit	(60.0)	(2.4)	(57.5)	(2,333.2%)
Net Income	130.5	116.0	14.5	12.5%
Total Credit Costs	18.1	7.6	10.5	138.2%

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

<Dividends>

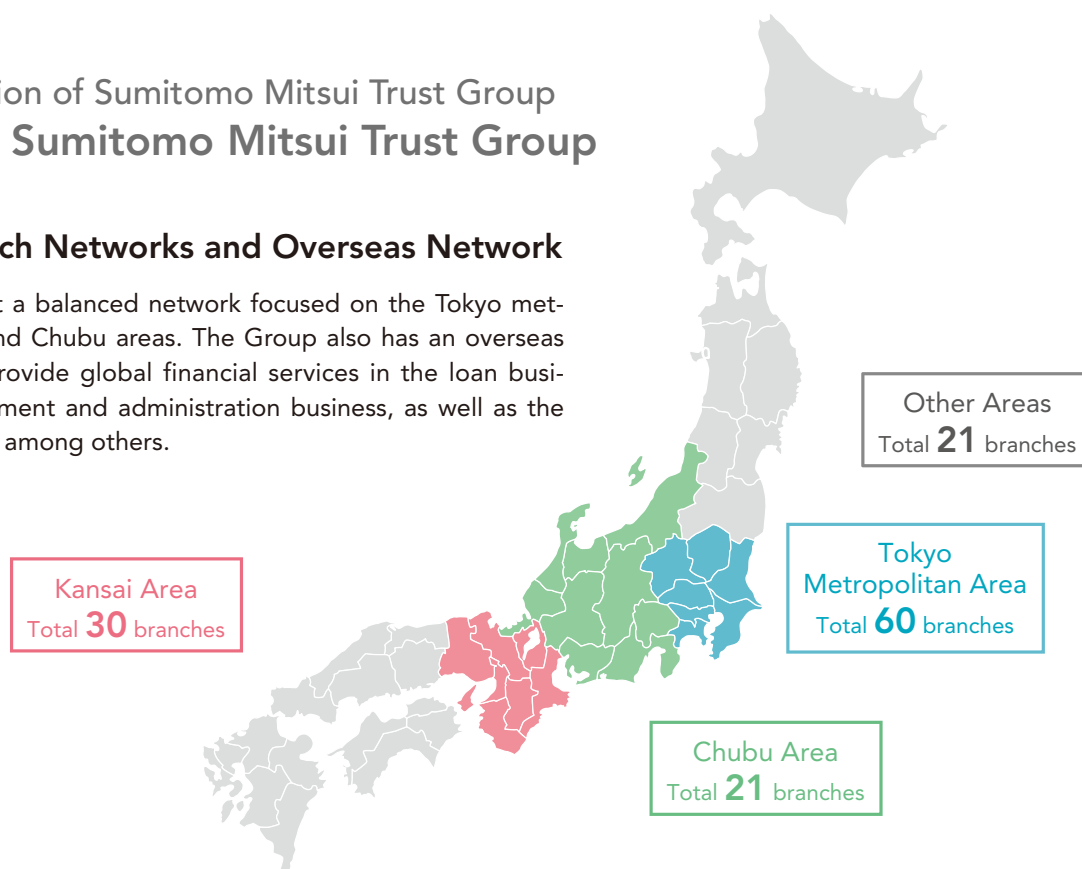
	FY2014 (A)	FY2013 (B)	Change (A)–(B)
Dividend per Share on Common Share (Yen)	12.00	10.00	2.00

Basic Information of Sumitomo Mitsui Trust Group

Network of Sumitomo Mitsui Trust Group

Domestic Branch Networks and Overseas Network

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



Domestic Branch Network (as of December 31, 2015)

	Branches	Consulting Plaza and Consulting Offices
Tokyo Metropolitan Area	60 (45.5%)	9
Kansai Area	30 (22.7%)	3
Chubu Area	21 (15.9%)	0
Other Areas	21 (15.9%)	0
Total	132 (100.0%)	12

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

Overseas Network (as of December 31, 2015)

[U.S.]

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

[Europe]

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

[Asia]

- Singapore Branch
- Shanghai Branch
- Hong Kong Branch
- Beijing Representative Office
- Beijing Representative Office (Securities Business)
- Zijin Trust Co., Ltd. (Trust Business)
- Sumitomo Mitsui Trust (Hong Kong) Limited (Securities Business)
- Jakarta Representative Office
- Seoul Representative Office
- Bangkok Representative Office
- Sumitomo Mitsui Trust Bank (Thai) Public Company Limited (Banking Business)

An overseas network that can provide global financial services

Basic Information of Sumitomo Mitsui Trust Group

Corporate Information (as of September 30, 2015)

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

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Basic Information of Sumitomo Mitsui Trust Group

Rating Information (as of December 31, 2015)

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

Issued: February 2016

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

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

Telephone: +81 (3) 6256-6251 Facsimile: +81 (3) 3286-8741

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

Sumitomo Mitsui Trust Holdings, Inc.

2015 Corporate Social Responsibility Report — Questionnaire

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

Q1

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

- | | | | |
|--|------------------------------------|----------------------------------|---|
| <input checked="" type="radio"/> Content | <input type="radio"/> Substantial | <input type="radio"/> Acceptable | <input type="radio"/> Inadequate |
| <input checked="" type="radio"/> Readability | <input type="radio"/> Easy to read | <input type="radio"/> Normal | <input type="radio"/> Difficult to read |

Q2

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

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

Q3

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

- ☐ Editorial Policy/Creating Shared Value through CSR Activities
- ☐ Sumitomo Mitsui Trust Group's Basic Policy on Social Responsibility
- ☐ Management Commitment ☐ Identifying Materiality of Sumitomo Mitsui Trust Group and Initiatives Toward Creating Shared Value
- ☒ Sustainability Policy 1
 - ☐ Addressing Climate Change Using Our Financial Capabilities ☐ Natural Capital-related Initiatives Using Our Financial Capabilities
 - ☐ Addressing the Issues of a Super-Aging Society by Using Our Financial Functions ☐ Various Solutions Using Trust Functions
 - ☐ ESG-themed Initiatives in Our Asset Management Businesses ☐ ESG-themed Initiatives in Our Real Estate Businesses
- ☒ Sustainability Policy 2
 - ☐ Initiatives to Earn the Trust of Clients ☐ Client Protection Management ☐ Delivery of Reliable Financial Products and Services
- ☒ Sustainability Policy 3
 - ☐ Corporate Governance ☐ Compliance and Conducting Business Activities Fairly ☐ Risk Management
 - ☐ Environmental and Social Considerations in Project Finance
 - ☐ CSR Procurement (Procurement that Gives Consideration to the Environment and Society)
- ☒ Sustainability Policy 4
 - ☐ Environmental Burden Reduction Measures
- ☒ Sustainability Policy 5
 - ☐ Human Rights and SuMi TRUST Group ☐ Employment Conditions and Work Environment
 - ☐ Toward the Realization of a Healthy Work-Life Balance ☐ Supporting and Improving Human Capital to Enhance Corporate Value
- ☒ Sustainability Policy 6
 - ☐ Initiatives to Promote "With You" Activities ☐ Activities Aimed at Forming Ecology Networks
 - ☐ Our Activities Supporting National Trusts ☐ Education for Sustainable Development (ESD) Projects
 - ☐ Providing Educational Opportunities to India's Most Underprivileged through ISAK ☐ CSR Activities at Group Companies
 - ☐ Reconstruction Support for Regions Afflicted by Great East Japan Earthquake

Q4

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

Q5

In what capacity did you read this report?

- | | | | |
|---|--|---|---|
| <input type="radio"/> Retail Customer | <input type="radio"/> Corporate Customer | <input type="radio"/> Shareholder/Investor | <input type="radio"/> Corporate CSR Manager |
| <input type="radio"/> Researcher/Educator | <input type="radio"/> NPO/NGO Member | <input type="radio"/> Media Representative | <input type="radio"/> Government Employee |
| <input type="radio"/> Student | <input type="radio"/> Sumitomo Mitsui Trust Group Employee | <input type="radio"/> Other (please specify: _____) | |

Name: _____ Occupation/Company (Title): _____

Address: _____

Tel: _____

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