

# Sumitomo Mitsui Trust Bank, Limited (Green Deposit)

**Type of Engagement:** Annual Review

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## Introduction

In May 2021, Sumitomo Mitsui Trust Bank, Limited (“SuMi TRUST” or the “Bank”) launched green deposit products (the “Green Deposits”) for its clients. The Green Deposits required the Bank to hold the equivalent amount of proceeds raised from the Green Deposits to effectively finance and/or refinance eligible loans that are expected to create positive environmental impact (the “Eligible Loans”). In May 2022, SuMi TRUST engaged Sustainalytics to review a portfolio of the Eligible Loans funded through the proceeds raised from the Green Deposits (the “Eligible Portfolio”) and to assess whether the Eligible Portfolio met the eligibility criteria outlined in the Sumitomo Mitsui Trust Bank Green Product Framework (the “Framework”). The eligibility criteria contained in the Framework were reviewed by Sustainalytics in April 2021 to verify the alignment with market practice.<sup>1</sup>

## Evaluation Criteria

Sustainalytics evaluated the Eligible Portfolio funded from May 2021 to March 2022 based on whether the Eligible Loans:

1. Met the eligibility criteria outlined in the Framework.

Table 1 lists the Categories, Eligible Activities, and Exclusions to which the proceeds were allocated.

**Table 1: Categories, Eligible Activities, and Exclusions**

Categories	Eligible Activities	Exclusions
<b>Renewable Energy</b>	Acquisition, development, construction and operation of infrastructure, facilities, and equipment that generate or transmit renewable energy, including: <ul style="list-style-type: none"> <li>• Solar energy</li> <li>• Solar thermal energy</li> <li>• Wind energy</li> <li>• Geothermal energy</li> <li>• Biomass energy (restricted to sustainable feedstock not competing with food production and/or waste materials, and restricted to the electricity generation projects that have direct emissions of less than 100gCO<sub>2</sub>/kWh)</li> </ul>	Geothermal energy <ul style="list-style-type: none"> <li>• Direct emissions of greater than or equal to 100gCO<sub>2</sub>/kWh</li> </ul> Biomass energy <ul style="list-style-type: none"> <li>• Palm-oil</li> <li>• Wood pulp</li> <li>• Peat, non-certified feedstock, and unknown sourcing from sustainable feedstock (non-waste)</li> <li>• Energy relying on feedstock (non-waste) that contribute to deforestation, biodiversity loss or decrease in soil carbon pools</li> <li>• Plastics, rubber, tire-derived fuel to energy, or fuel conversion from waste materials</li> </ul> Hydropower <ul style="list-style-type: none"> <li>• Generation capacity of over 25 megawatts with pondage</li> </ul>

<sup>1</sup> The Sumitomo Mitsui Trust Bank Green Product Framework (Version 1.0) is available at: [https://www.smtb.jp/-/media/th/sustainability/esg/pdf/SMTB\\_Green\\_Product\\_Framework.pdf](https://www.smtb.jp/-/media/th/sustainability/esg/pdf/SMTB_Green_Product_Framework.pdf)

	<ul style="list-style-type: none"> <li>• Small run of river hydropower</li> </ul>	<ul style="list-style-type: none"> <li>• Projects not undertaken an environmental and social impact assessment that ensures no significant controversy surrounding the project</li> </ul>
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## Issuing Entity’s Responsibility

SuMi TRUST is responsible for providing accurate information and documentation relating to the details of the Eligible Loans, including description of projects and amounts allocated.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of the alignment of the Eligible Portfolio with the eligibility criteria defined in the Framework. The work undertaken as part of this engagement included collection of documentation from SuMi TRUST employees and review of documentation to confirm the conformance with the Framework.

Sustainalytics has relied on the information and the facts presented by SuMi TRUST with respect to the Eligible Loans. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by SuMi TRUST.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

## Conclusion

Based on the limited assurance procedures conducted,<sup>2</sup> nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed Eligible Portfolio, funded through proceeds of SuMi TRUST’s Green Deposits, are not in conformance with the eligibility criteria outlined in the Framework. SuMi TRUST has disclosed to Sustainalytics that the proceeds of the Green Deposits were fully allocated as of March 31, 2022.

## Detailed Findings

**Table 2: Detailed Findings**

<b>Evaluation Criteria</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of the Eligible Portfolio to determine if the Eligible Loans aligned with the eligibility criteria outlined in the Framework and above in Table 1.	All Eligible Loans reviewed complied with the eligibility criteria defined in the Framework.	None

<sup>2</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects and amounts allocated which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## Appendix

### Appendix 1: Allocation of Green Deposit Proceeds

Category	Sub-Category	Loan Balance (Million JPY)	Green Deposit booked (Million JPY)	Net Proceeds Allocation (Million JPY)
Renewable Energy	Solar Energy	2,843	2,100	2,100
<b>TOTAL</b>		2,843	2,100	2,100

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