

# Sumitomo Mitsui Trust Bank, Limited (2022 Green Bond)

**Type of Engagement:** Annual Review

**Date:** September 7, 2022

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## Introduction

In March 2022, Sumitomo Mitsui Trust Bank, Limited (“SuMi TRUST”) issued a green bond aimed at financing and/or refinancing projects related to Renewable Energy, Energy Efficiency, Clean Transportation, Pollution Prevention and Control, and Green Buildings (USD 500 mn 5-Year Green Bond, hereinafter the “2022 Green Bond”). As of March 31, 2022, the proceeds have been allocated to 6 Renewable Energy projects and 2 Green Buildings projects. In August 2022, SuMi TRUST engaged Sustainalytics to review the projects funded through the 2022 Green Bond and assess whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in Sumitomo Mitsui Trust Bank Green Bond Framework (the “Framework”)<sup>1</sup>.

## Evaluation Criteria

Sustainalytics evaluated the projects funded with proceeds as of March 31, 2022 based on whether the projects:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on the impact indicators for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated impact indicators for the Use of Proceeds category to which the proceeds were allocated.

**Table 1: Use of Proceeds, Eligibility Criteria, and associated impact indicators**

Use of Proceeds	Eligibility Criteria	Impact indicators
<b>Renewable Energy</b>	The acquisition, development, construction and operation of infrastructure, facilities, and equipment that generate or transmit renewable energy, including: solar energy, solar thermal energy, wind energy, geothermal energy (restricted to the projects with direct emissions of less than 100gCO <sub>2</sub> /kWh), biomass (restricted to sustainable feedstock not competing with food production and/or waste materials, and restricted to the projects that have direct emissions of less than 100gCO <sub>2</sub> /kWh) energy and small run-of river hydro facilities with generation capacity of 25 megawatts or less or run of river hydropower assets without pondage	Tonnes of CO <sub>2</sub> emission equivalent avoided
<b>Green Buildings</b>	The acquisition, development and construction of new, existing or refurbished buildings which have received or will receive during the life of the Green Bond at least one of the following green building classifications. <ul style="list-style-type: none"> <li>• LEED (Leadership in Energy and Environmental Design): LEED Platinum or Gold</li> </ul>	Number and certification level of green buildings for Green Buildings projects

<sup>1</sup> Sumitomo Mitsui Trust Bank Green Bond Framework is available at:  
[https://www.smth.jp/-/media/th/sustainability/greenbond/pdf/framework1\\_en.pdf](https://www.smth.jp/-/media/th/sustainability/greenbond/pdf/framework1_en.pdf)

	<ul style="list-style-type: none"> <li>• BREEAM (Building Research Establishment Environmental Assessment Methodology): BREEAM Outstanding or Excellent</li> <li>• CASBEE (Comprehensive Assessment System for Built Environment Efficiency): CASBEE S Rank or A Rank</li> <li>• DBJ (Development Bank of Japan) Green Building Certification: DBJ Green Building 5 Star or 4 Star</li> <li>• BELS (Building-Housing Energy-efficiency Labelling System): BELS 5 Star or 4 Star</li> </ul> <p>Eligible green buildings may include those owned by J-REIT (Japanese Real Estate Investment Trusts), and in such case, the allocation amounts to eligible green buildings owned by J-REITs may be calculated based on pro-rata share of eligible green buildings' acquisition cost. The net proceeds allocated to J-REITs project will be no greater than the amount lent to J-REITs or investment exposure to eligible projects/assets.</p>	
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### Issuing Entity's Responsibility

SuMi TRUST is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

### Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of SuMi TRUST's 2022 Green Bond Use of Proceeds. 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 projects in the eligible categories. 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 bond projects, funded through proceeds of SuMi TRUST's 2022 Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Framework.

<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 project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## 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 projects funded by the 2022 Green Bond as of March 31, 2022 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the projects funded by the 2022 Green Bond as of March 31, 2022 to determine if the impact of projects were reported in line with the impact indicators outlined in the Framework and above in Table 1.	All projects reviewed reported on impact indicators per Use of Proceeds criteria.	None

## Appendix

### Appendix 1: Impact Reporting<sup>3</sup> and Allocation of Green Bond Proceeds

#### 1. Renewable Energy

Project Category	Sub-category	Number of Projects	Impact Indicators		Loan Balance (USD-mn) <sup>4</sup>
			CO <sub>2</sub> emission reduction amount (t-CO <sub>2</sub> /y)	CO <sub>2</sub> emission reduction amount (Sumi TRUST's contribution) (t-CO <sub>2</sub> /y)	
Renewable Energy	Solar	5	207,941	47,823	200
Renewable Energy	Wind	1	129,941	17,193	18
<b>Total</b>		6	337,882	65,017	218

#### 2. Green Buildings

Project Category	Number of Properties	Impact Indicators	Loan Balance (USD-mn) <sup>5</sup>
Green Building	2	<ul style="list-style-type: none"> <li>• DBJ Green Building Certification 5 Star: 1 property</li> <li>• DBJ Green Building Certification 4 Star: 1 property</li> </ul>	242

#### Allocation of Green Bond Proceeds

Item	Amount (USD-mn) <sup>6</sup>
<b>Total Net Bond Proceeds from Green Bond issuance:</b>	500
<b>Total Net Bond Proceeds Allocated (Renewable Energy + Green Buildings):</b>	459
<b>Total Net Bond Proceeds Unallocated:</b>	41

<sup>3</sup> Impact Reporting by SuMi TRUST is available at: [https://www.smth.jp/english/sustainability/Initiatives\\_achievements/esgi/greenbond](https://www.smth.jp/english/sustainability/Initiatives_achievements/esgi/greenbond)

<sup>4</sup> The amount of loan balance is converted from JPY to USD with the FX rate of March 31, 2022 (at the end of month of the bond issuance date, 1USD=122.38 yen) and rounded to the nearest million.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

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