

# Sumitomo Mitsui Trust Bank Green Bond 2018

**Type of Engagement:** Annual Review

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## Introduction

In September 2018, Sumitomo Mitsui Trust Bank, Limited (“SuMi TRUST”) issued a green bond aimed at financing and/or refinancing renewable energy, energy efficiency, clean transportation, pollution prevention and control, and green buildings projects (the “Green Bond”). In September 2020, SuMi TRUST engaged Sustainalytics to review the projects funded through the Green Bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the reporting commitments outlined in the SuMi TRUST Green Bond Framework (the “Green Bond Framework”).<sup>1</sup> This is Sustainalytics’ second annual review of SuMi TRUST’s Green Bond following the previous review in Sep 2019.

## Evaluation Criteria

Sustainalytics evaluated the projects and assets funded as of 31 March 2020 based on whether the projects:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Green Bond Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Green Bond Framework.

Table 1 lists the Use of Proceeds and Eligibility Criteria, while Table 2 list the associated the KPIs.

### Table 1: Use of Proceeds and Eligibility Criteria

SuMi TRUST is committed to allocating green bond proceeds to finance or refinance, in whole or in part, existing and future qualifying environment-related projects (“Eligible Green Projects”), in the Framework. Eligible Green Projects may include projects in one or more of the categories below:

Use of Proceeds	Eligibility Criteria
(i) <b>Renewable Energy</b>	The development, construction and operation of facilities, equipment and systems that generate or transmit renewable energy, including: solar energy, wind energy, geothermal energy, biomass energy and small run-of-river hydro facilities with generation capacity of 25 megawatts or less or refurbishments of existing larger hydro power plants without any increase in the size of impoundment facilities.
(ii) <b>Energy Efficiency</b>	Refurbishments or renovation of properties in order to significantly improve energy efficiency, infrastructure, equipment, technology and processes related to smart grids, energy storage, automation and intelligence in the power transmission network, distribution and related systems.
(iii) <b>Clean Transportation</b>	Expenditure that supports the shift to clean energy vehicles and the development, operation and upgrade of public transportation facilities.
(iv) <b>Pollution Prevention and Control</b>	The development, construction and operation of pollution prevention and control facilities, such as waste recycling.

<sup>1</sup> Overview of Sumitomo Mitsui Trust Bank Green Bond Framework (2018) available at: [https://www.sustainalytics.com/wp-content/uploads/2018/09/Sumitomo-Mitsui-Trust-Bank\\_Green-Bond\\_Framework-and-SPO\\_Final.pdf](https://www.sustainalytics.com/wp-content/uploads/2018/09/Sumitomo-Mitsui-Trust-Bank_Green-Bond_Framework-and-SPO_Final.pdf).

<b>(v) Green Buildings</b>	New, existing or refurbished buildings which have received at least one regional, national or internationally recognized standard or certification, such as “LEED” (Leadership in Energy and Environmental Design), “BREEAM” (Building Research Establishment Environmental Assessment Methodology) or “CASBEE” (Comprehensive Assessment System for Built Environment Efficiency) to a level of at least “LEED Gold”, at least “BREEAM Excellent” or at least “CASBEE A Level” respectively.
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**Table 2: Key Performance Indicators**

Key performance indicators	
<b>Impact Reporting</b>	<p>In the case of Renewable Energy projects, SuMi TRUST intends to report on the tonnes of CO<sub>2</sub> emission equivalent avoided. For other project categories, SuMi TRUST plans to apply appropriate impact metrics in the report. These could include:</p> <ul style="list-style-type: none"> <li>• Amount of energy saved (MW)</li> <li>• Emissions of CO<sub>2</sub> per passenger (kilometre)</li> <li>• Waste reduced/recycled</li> <li>• Number and certification level of buildings (e.g. LEED Platinum or CASBEE S)</li> </ul> <p>The environmental impact of financed Eligible Green Projects, where reported, may be calculated on a portfolio/collective basis.</p>

## 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, 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 Green Bond Use of Proceeds. The work undertaken as part of this engagement included the collection of documentation from SuMi TRUST employees and the review of documentation to confirm the conformance with the Green Bond Framework.

Sustainalytics has relied on the information and the facts presented by SuMi TRUST with respect to the Nominated Projects. 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 Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Green Bond Framework. While SuMi TRUST disclosed to Sustainalytics its full allocation in September 2019, Sustainalytics conducted another review in September 2020 due to changes in loan percentages and impact reporting and SuMi TRUST has confirmed to Sustainalytics that the proceeds of the Green Bond remain fully allocated.

## Detailed Findings

**Table 3: Detailed Findings**

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
<b>Use of Proceeds Criteria</b>	Verification of the projects funded by the Green Bond as of 31 March 2020 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Green Bond 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 Green Bond as of 31 March 2020 to determine if the impact of projects was reported in line with the KPIs outlined in the Green Bond Framework and above in Table 2. For a list of KPIs reported please refer to Appendix 2.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	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 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.

## Appendices

### Appendix 1: List of Project Categories Reviewed

#	Area of Project Category	Project Category	Number of Projects	Equator Principles Category	Loan Agreement Date	All projects in category meet Use of Proceeds Criteria
1	Renewable Energy	Wind Energy	3 (2 onshore project and 1 offshore projects)	Category B: 3 projects	Within last 24 months: 3 projects	Yes
2	Renewable Energy	Solar Energy	13	Category B: 13 projects	Within last 24 months: 13 projects	Yes

### Appendix 2: List of Project Impact

#	Area of Project Category	Project Category	Number of Projects	Green Impact [total CO <sub>2</sub> emissions Reduced (t-CO <sub>2</sub> /y)]	Green Impact SuMi TRUST share (t-CO <sub>2</sub> /y) <sup>3</sup>	KPIs for all projects in category meet Reporting Criteria
1	Renewable Energy	Wind Energy	3 (2 onshore project and 1 offshore projects)	494,988	51,929	Yes
2	Renewable Energy	Solar Energy	13	145,499	117,666	Yes

<sup>3</sup> The amount is calculated based on relevant financing proportion by SuMi TRUST to each project.

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