

April 5, 2013

To whom it may concern

Sumitomo Mitsui Trust Holdings, Inc.
Sumitomo Mitsui Trust Bank, Limited

Environmental Rating Loans with the Evaluation of Natural Capital Preservation

Sumitomo Mitsui Trust Bank, Limited (President: Hitoshi Tsunekage) has started to provide Sanden Corporation (President: Mitsuya Yamamoto) with a product named “Environmental Rating Loans with the Evaluation of natural Capital Preservation”, the finance based on the evaluation of the borrower’s activities to help the preservation of natural capital as criteria. According to our research, this is the first case in the world which adopts such evaluation with regard to the borrower’s activities for the preservation of natural capital as criteria.

“Natural Capital” consists of natural elements such as plants, animals, soil, air and water which greatly benefit the human race. Corporate activities such as the supply of raw materials also depend on the natural capital significantly. In recent years, governments, local associations and corporations are more actively making effort to recognize the economic value of natural capital. On the other hand, the natural capital is limited and threatened by the shortage risk caused by the rapid economic expansion and explosive population growth in developing countries. It will be very important for corporations to know how much they depend on natural capital through the quantitative observation expanding its objective area to the upstream of the supply chain in view of not only environmental preservation but the method of management strategy which leads to the reinforcement of the risk management of raw materials procurement.

With this product, the evaluation results along with the environmental rating assigned in consideration of the strategies for climate change, the circulation of natural resources and environmentally friendly property will be fed back to Sanden Corporation. The evaluation results include how much the activities of Sanden Corporation affected the fundamental elements of natural capital such as soil, air and water in the upstream of the supply chain in addition to the data regarding the amount of water consumption, occupation of land surfaces, greenhouse gas emissions, etc. in the upstream of the supply chain classified by area, country and by item procured. These data make it possible to meet the requirement to disclose information such as the SCOPE3^{*1} in Carbon Disclosure Project^{*2}, etc. Up to now, such data had been difficult for corporations to calculate.

Sumitomo Mitsui Trust Holdings, Inc. (President: Kunitaro Kitamura) became a signatory to “The Natural Capital Declaration” as part of UNEP FI^{*3} in June, 2012, and has been developing financial products and services including the concept of preserving the natural capital. “Environmental Rating Loans with the Evaluation of natural Capital Preservation” was developed through the collaboration with PricewaterhouseCoopers Aarata Sustainability Certification Co., Ltd. (Partner: Masataka Mitsuhashi),

utilizing its original model with industry-related charts and trade statistics with the feature to make exhaustive estimates of the effect on natural capital in the upstream of the supply chain.

- (* 1) The global standard of calculation and reporting of greenhouse gas (GHG) emissions. It has been required to be measured and disclosed as SCOPE3 (E.g. manufacturing, distribution, business travel, commuting, etc.) which is the emissions in the entire supply chain in addition to the SCOPE1, the direct GHG emissions from sources that are owned or controlled by the entity (E.g. fossil fuels burned on site, etc.), and the SCOPE2, indirect GHG emissions (E.g. electricity, etc.).
- (* 2) The project started in 2000 requires corporations to disclose their strategies for climate change or their amount of greenhouse gas emission.
- (* 3) United Nations Environment Programme Finance Initiative

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