

November 17, 2022

To whom it may concern

Sumitomo Mitsui Trust Holdings, Inc.

Notice regarding the Selection of the “Positive Impact Evaluation Framework”
as a model case for the “Green Finance Model Creation Project”
by the Ministry of the Environment

Please be informed that Sumitomo Mitsui Trust Bank, Limited, a subsidiary of Sumitomo Mitsui Trust Holdings, Inc. today announced the attached press release.

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Sumitomo Mitsui Trust Bank, Limited

**Notice regarding the Selection of the “Positive Impact Evaluation Framework”
as a model case for the “Green Finance Model Creation Project”
by the Ministry of the Environment**

Sumitomo Mitsui Trust Bank, Limited (President: Kazuya Oyama; hereinafter “SuMi TRUST Bank”) announces that the "Positive Impact Evaluation Framework" we provide was selected as a model case (*1) for the "Green Finance Model Creation Project" by the Ministry of the Environment in FY2022.

For further promotion of green finance in Japan, the "Green Finance Model Creation Project for FY2022" is a project that aims to create and disseminate sustainable finance model cases that conform to the various guidelines formulated and published by the Ministry of the Environment (hereinafter “these guidelines”) (*2), which are considered to have particular environmental value. In FY2022, a total of about four model cases will be created.

We have introduced the "Framework for Positive Impact Evaluation" (hereinafter "this framework") as Japan's first framework that enables companies subject to evaluation to receive financing from other financial institutions using this framework and for such financing to be referred to as Positive Impact Finance (hereinafter “PIF”) (*3).

As a founding signatory, we were the first financial institution in Japan to sign on to the Principles for Responsible Banking (PRB) that came into effect in September 22, 2019. We have been working on PIF as one of the methods to promote measurement and management of the impact created by companies to whom we extend investments and loans, which is required for financial institutions under PRB.

This framework aims to create more impact through measurement, management, and promotion of the impact created by companies to whom we extend investments and loans. At the same time, this framework is introduced as a tool to understand the total amount of impact which financial institutions contribute to via continuous provision of PIF loans to companies.

Today, this framework was selected as a model case for the "Green Finance Model Creation Project for FY2022" by the Ministry of the Environment to promote the widespread adoption of PIF. For the purpose of verifying compliance with these guidelines neutrally and fairly, the model cases are subject to compatibility assessment by Japan Credit Rating Agency, Ltd., a confirmation body separately selected by the Ministry of the Environment. Opinions on compatibility of this framework with these guidelines will be published at a later date.

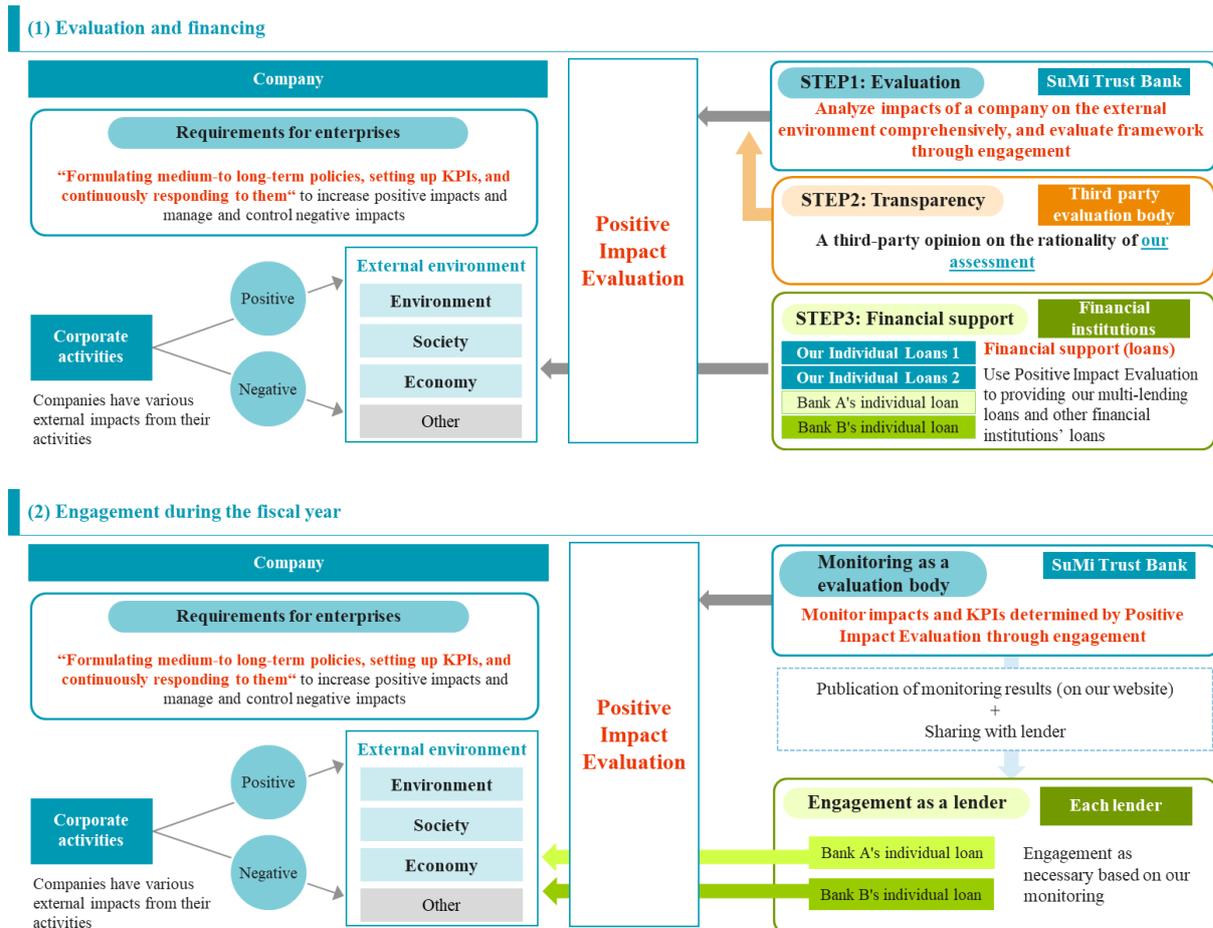
<Key Points Leading to Model Case Selection>

1. In this framework, the target of the Positive Impact Evaluation (hereinafter "PI evaluation") is not

- individual loans but corporates as a whole. This enables the establishment, measurement, and management of long-term impact targets that are not limited to the lending period.
2. Since it is not necessary to evaluate on a case-by-case basis for each loan, the companies subject to the evaluation are able to procure funds more flexibly as PIF, and it is expected to contribute to the expansion of the market through the diffusion of PIF.
 3. More companies may use PI evaluation based on this framework to raise funds as PIF, and financial institutions that refer to the PI evaluation and provide loans may understand and analyze impacts corresponding to the balance of their loans at the industry level rather than at the company level. It is hoped that this will lead to the development of support menus tailored to the issues faced by each industry and to the realization of appropriate impact management of the loan portfolio as a whole, taking into account the differences in the degree of impact between industries.
 4. Since this framework allows other financial institutions to refer to our PI evaluation and undertake PIF themselves, it is expected to contribute to the development of systems and improvement of knowledge related to impact finance by regional financial institutions.

Through providing PIF and other sustainability related solutions for businesses, we will continue to support clients' business activities that contribute to the achievement of the SDGs and contribute to the enhancement of their corporate value over the medium to long term.

<Overview of PI Evaluation Scheme>



(*1) Model Case Study of the "Green Finance Model Creation Project for FY2022" by the Ministry of the Environment (Japanese)

https://www.env.go.jp/press/press_00401.html

(*2) The various guidelines formulated and published by the Ministry of the Environment

For the model cases for the "Green Finance Model Creation Project for FY2022" by the Ministry of the Environment, the Ministry of the Environment makes it a point to verify compliance with "The Green Bond and Sustainability-Linked Bond Guidelines (established in March 2017 and revised in July 2022)", "The Green Loan and Sustainability-Linked Loan Guidelines (established in March 2020)", "The Basic Concept of Impact Finance (established in July 2020)", "The Impact Assessment Guide Starting with Green (established in March 2021)", and other principles and guidelines.

(*3) Positive Impact Finance

Positive Impact Finance is a loan based on the Principles for Positive Impact Finance (*4) developed by UNEP FI (*5). PIF is a type of loan agreement intended to support corporations to comprehensively analyze and evaluate the impacts (both positive and negative) of business activities related to the environment, society and economy on an ongoing basis. The most notable feature of PIF is that the degree of contribution from corporate activities, products and services in achieving Sustainable Development Goals (SDGs) is used as an evaluation indicator and monitored based on publicly disclosed information, and that we support corporations' activities to achieve these goals through engagement.

(*4) The Principles for Positive Impact Finance

The Principles for Positive Impact Finance was developed by UNEP FI in January 2017 as a financial framework for achieving the SDGs. Companies disclose the level of contributions to achieving SDGs through KPIs. Banks then provide funding by evaluating the positive impact observed from these KPIs that is intended to guide the borrowers to increase the positive impact and reduce the negative impact. The lending bank, as a responsible financial institution, will check if the impact is continuing or not by monitoring the indicators.

(*5) The United Nations Environment Programme Finance Initiative (UNEP FI)

The United Nations Environment Programme (UNEP) is an executive body for implementing the "Human Environment Declaration" and the "International Environmental Action Programme", established in 1972 as a subsidiary body to the United Nations system. UNEP FI represents a broad as well as a close partnership between UNEP and more than 200 global financial institutions. Since its establishment in 1992, UNEP FI has been working in concert with financial institutions, policy/regulatory authorities to transform itself into a financial system that integrates economic development and ESG considerations.

Ends