

Sumitomo Mitsui Trust Bank, Limited (2021 Green Bond)

Type of Engagement: Annual Review

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Introduction

In March 2021, 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 “2021 Green Bond”). As of March 31, 2022, the proceeds have been allocated to 10 Renewable Energy projects. In August 2022, SuMi TRUST engaged Sustainalytics to review the projects funded through the 2021 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”)¹. This is Sustainalytics’ second annual review of SuMi TRUST’s 2021 Green Bond following the previous review in September 2021².

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
Renewable Energy	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 ₂ /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 ₂ /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 ₂ emission equivalent avoided

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.

¹ Sumitomo Mitsui Trust Bank Green Bond Framework is available at: https://www.smth.jp/-/media/th/sustainability/greenbond/pdf/framework1_en.pdf

² Sustainalytics’ previous annual review of SuMi TRUST’s 2021 Green Bond is available at: Annual Review (September 2021) [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/sumitomo-mitsui-trust-bank-green-bond-2021-annual-review-\(2021\).pdf?sfvrsn=e56deb35_1](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/sumitomo-mitsui-trust-bank-green-bond-2021-annual-review-(2021).pdf?sfvrsn=e56deb35_1)

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 2021 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,³ 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 2021 Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Framework. SuMi TRUST has disclosed to Sustainalytics that the proceeds of the 2021 Green Bond were fully allocated as of March 31, 2022.

Detailed Findings

Table 2: Detailed Findings

Evaluation Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the 2021 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
Reporting Criteria	Verification of the projects funded by the 2021 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

³ 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.

Appendix

Appendix 1: Impact Reporting⁴ and Allocation of Green Bond Proceeds

Project Category	Sub-category	Number of Projects	Impact Indicators		Loan Balance (USD-mn) ⁵
			CO ₂ emission reduction amount (t-CO ₂ /y)	CO ₂ emission reduction amount (Sumi TRUST's contribution) (t-CO ₂ /y)	
Renewable Energy	Solar	9	196,400	92,548	459
Renewable Energy	Wind	1	173,289	14,814	42
Total		10	369,688	107,361	501

Total Net Bond Proceeds from Green Bond issuance:	500
Total Net Bond Proceeds Unallocated:	0

⁴ Impact Reporting by SuMi TRUST is available at: https://www.smth.jp/english/sustainability/Initiatives_achievements/esgi/greenbond

⁵ The amount of loan balance is converted from JPY to USD with the FX rate of March 31, 2021 (at the end of month of the bond issuance date, 1USD=110.65 yen) and rounded to the nearest million.

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In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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