

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 (USD 500 million 5-year green bond, hereinafter the “2021 Green Bond”) aimed at financing and refinancing Renewable Energy, Energy Efficiency, Clean Transportation, Pollution Prevention and Control and Green Buildings projects. In September 2023, SuMi TRUST engaged Sustainalytics to review the projects financed and refinanced with proceeds from 2021 Green Bond and provide an assessment as to whether the projects met the use of proceeds criteria and the reporting commitments outlined in the Sumitomo Mitsui Trust Bank Green Bond Framework (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in February 2021.² This is Sustainalytics’ third annual review of allocation and reporting of the green bond issued under the Framework, following a first and second reviews in September 2021 and September 2022 respectively.^{3,4}

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds as of March 31, 2023, based on whether the projects:

1. Met the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

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

Table 1: Use of Proceeds Categories and Eligibility Criteria

Use of Proceeds Category	Eligibility Criteria	Key Performance 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 100 gCO 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 100 gCO ₂ /kWh) energy and small run-of-river hydro facilities with	tonnes of CO ₂ emission equivalent avoided

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, “Second-Party Opinion, Sumitomo Mitsui Trust Bank Green Bond Framework”, (2021), at: https://www.smth.jp/-/media/th/sustainability/greenbond/pdf/framework2_en.pdf

³ Sustainalytics’ 2021 Annual Review of SuMi TRUST’s 2021 Green Bond issuance is available at: https://www.smth.jp/english/-/media/th/english/sustainability/greenbond/pdf/Sustainalytics_Annual_Review_SMTB2021.pdf

⁴ Sustainalytics’ 2022 Annual Review of SuMi TRUST’s 2021 Green Bond issuance is available at: https://www.smth.jp/english/-/media/th/english/sustainability/Initiatives_achievements/esgi/greenbond/pdf/20210325/Sustainalytics_Annual_Review_SMTB2022.pdf

	generation capacity of 25 megawatts or less or run of river hydropower assets without pondage	
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Issuer’s Responsibility

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

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from SuMi TRUST’s 2021 Green Bond. The work undertaken as part of this engagement included collection of documentation from SuMi TRUST and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by SuMi TRUST. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein 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 of the review.

Conclusion

Based on the limited assurance procedures conducted,⁵ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Framework. While SuMi TRUST disclosed to Sustainalytics that the proceeds from the 2021 Green Bond were fully allocated as of March 31, 2022, Sustainalytics conducted another review in September 2023 due to changes in loan balance amount and impact reporting. SuMi TRUST has confirmed to Sustainalytics that the proceeds of the 2021 Green Bond remain fully allocated.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded with proceeds from the 2021 Green Bond as of March 31, 2023, to determine if projects aligned with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the projects funded with proceeds from the 2021 Green Bond as of March 31, 2023, to determine if impact of projects was reported in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

⁵ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Allocation and Reported Impact⁶ of SuMi Trust 2021 Green Bond Proceeds

Project category	Sub-category	Number of Projects	Impact Indicators		Loan Balance (USD million) ⁷
			CO ₂ emission reduction amount (tCO ₂ /year)	CO ₂ emission reduction amount (Sumi TRUST's contribution) (tCO ₂ /year)	
Renewable Energy	Solar	9	175,718	81,795	498
Renewable Energy	Wind	1	180,594	19,107	56
Total		10	356,312	100,902	554

Total Net Bond Proceeds from Green Bond issuance:	500
Total Loan Balance:	554
Total Net Bond Proceeds Unallocated:	0

⁶ Impact Reporting by SuMi TRUST is available at: https://www.smth.jp/english/sustainability/Initiatives_achievements/esgi/greenbond

⁷ 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, USD 1 = JPY 110.65) 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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