

Sumitomo Mitsui Trust Bank, Limited (2023 Green Bond)

Type of Engagement: Annual Review

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Engagement Team:

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Introduction

In March 2023, Sumitomo Mitsui Trust Bank, Limited (“SuMi TRUST”) issued a green bond (USD 500 million 5-year green bond, hereinafter the “2023 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 with proceeds from the 2023 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

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 and Associated KPIs

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 generation capacity of 25 megawatts or less or run of river hydropower assets without pondage	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

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 2023 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,³ 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.

Detailed Findings

Table 3: 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 2023 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 2023 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

³ 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 Impact⁴ of SuMi Trust 2023 Green Bond Proceeds

Project category	Sub-category	Number of Projects	Impact Indicators		Loan Balance (USD million) ⁵
			CO ₂ emission reduction amount (tCO ₂ /year)	CO ₂ emission reduction amount (Sumi TRUST's contribution) (tCO ₂ /year)	
Renewable Energy	Solar	6	343,567	115,576	140
Renewable Energy	Wind	7	689,668	97,644	98
Total		13	1,033,235	213,219	238

Total Net Bond Proceeds from Green Bond issuance:	500
Total Loan Balance:	238
Total Net Bond Proceeds Unallocated:	262

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, 2023 (at the end of month of the bond issuance date, 1 USD 1 = JPY 133.54) and rounded to the nearest million. Further, the loan balance is converted from CAD to USD with the FX rate of March 31, 2023 (USD 1 = CAD 1.352). All the numbers were rounded to the nearest million.

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