

# Sumitomo Mitsui Trust Bank, Limited Green Bond 2018

**Type of Engagement:** Annual Review

**Date:** 13 Sep 2019

**Engagement Leaders:**

Wakako Mizuta, wakako.mizuta@sustainalytics.com, (+81) 3 4571 2343

Marie Toyama, marie.toyama@sustainalytics.com, (+81) 3 4571 2343

## Introduction

In September 2018, Sumitomo Mitsui Trust Bank, Limited (SuMi TRUST) issued green bonds aimed at financing and/or refinancing eligible green projects; (i) renewable energy, (ii) energy efficiency, (iii) clean transportation, (iv) pollution prevention and control, and (v) green buildings. In September 2019, SuMi TRUST engaged Sustainalytics to review the projects funded through the issued green bonds and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the SuMi TRUST Green Bond Framework.<sup>1</sup>

## Evaluation Criteria

Sustainalytics evaluated the projects and assets funded in 2018 and 2019 based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Green Bond Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Green Bond Framework.

Table 1 lists the Use of Proceeds and Eligibility Criteria, while Table 2 list the associated the KPIs.

### Table 1: Use of Proceeds and Eligibility Criteria

SuMi TRUST is committed to allocate green bond proceeds to finance or refinance, in whole or in part, existing and future qualifying environment-related projects (“Eligible Green Projects”). Eligible Green Projects may include projects in one or more of the categories below:

Use of Proceeds	Eligibility Criteria
<b>(i) Renewable Energy</b>	The development, construction and operation of facilities, equipment and systems that generate or transmit renewable energy, including: solar energy, wind energy, geothermal energy, biomass energy and small run-of-river hydro facilities with generation capacity of 25 megawatts or less or refurbishments of existing larger hydro power plants without any increase in the size of impoundment facilities.
<b>(ii) Energy Efficiency</b>	Refurbishments or renovation of properties in order to significantly improve energy efficiency, infrastructure, equipment, technology and processes related to smart grids, energy storage, automation and intelligence in the power transmission network, distribution and related systems.
<b>(iii) Clean Transportation</b>	Expenditure that supports the shift to clean energy vehicles and the development, operation and upgrade of public transportation facilities.
<b>(iv) Pollution Prevention and Control</b>	The development, construction and operation of pollution prevention and control facilities, such as waste recycling.

<sup>1</sup> Overview of Sumitomo Mitsui Trust Bank Green Bond Framework (2018) available at: [https://www.sustainalytics.com/wp-content/uploads/2018/09/Sumitomo-Mitsui-Trust-Bank\\_Green-Bond\\_Framework-and-SPO\\_Final.pdf](https://www.sustainalytics.com/wp-content/uploads/2018/09/Sumitomo-Mitsui-Trust-Bank_Green-Bond_Framework-and-SPO_Final.pdf).

<b>(v) Green Buildings</b>	New, existing or refurbished buildings which have received at least one regional, national or internationally recognized standard or certification, such as "LEED" (Leadership in Energy and Environmental Design), "BREEAM" (Building Research Establishment Environmental Assessment Methodology) or "CASBEE" (Comprehensive Assessment System for Built Environment Efficiency) to a level of at least "LEED Gold", at least "BREEAM Excellent" or at least "CASBEE A Level" respectively.
----------------------------	---

**Table 2: Key Performance Indicators**

Key performance indicators	
<b>Impact Reporting</b>	<p>In the case of Renewable Energy projects, SuMi TRUST intends to report on the tonnes of CO2 emission equivalent avoided. For other project categories, SuMi TRUST plans to apply appropriate impact metrics in the report. These could include:</p> <ul style="list-style-type: none"> <li>• Amount of energy saved (MW)</li> <li>• Emissions of CO2 per passenger (kilometre)</li> <li>• Waste reduced/recycled</li> <li>• Number and certification level of buildings (e.g. LEED Platinum or CASBEE S)</li> </ul> <p>The environmental impact of financed Eligible Green Projects, where reported, may be calculated on a portfolio/collective basis.</p>

**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, estimated and realized costs of projects, and project impact.

**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 Green Bond Use of Proceeds. The work undertaken as part of this engagement included the collection of documentation from SuMi TRUST employees and the review of documentation to confirm the conformance with the Green Bond Framework.

Sustainalytics has relied on the information and the facts presented by SuMi TRUST with respect to the Nominated Projects. 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,<sup>2</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Sumitomo Mitsui Trust Bank Green Bond Framework, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Green Bond Framework. SuMi TRUST has disclosed to Sustainalytics that the proceeds of the green bond were fully allocated as of 31 January 2019.

### Detailed Findings

**Table 3: Detailed Findings**

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
<b>Use of Proceeds Criteria</b>	Verification of the projects funded by the green bond in 2018 and 2019 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Green Bond Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the projects funded by the green bond in 2018 to determine if the impact of projects was reported in line with the KPIs outlined in the Green Bond Framework and above in Table 2. For a list of KPIs reported please refer to Appendix 2.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

<sup>2</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs 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 1: List of Project Categories Reviewed

#	Area of Project Category	Project Category	Number of Projects	Equator Principles Category	Loan Agreement Date	All projects in category meet Use of Proceeds Criteria
1	Renewable Energy	Wind Energy	3 (1 onshore project and 2 offshore projects)	Category B: 3 projects	Within last 24 months: 3 projects	Yes
2	Renewable Energy	Solar Energy	13	Category B: 13 projects	Within last 24 months: 13 projects	Yes

## Appendix 2: List of Project Impact

#	Area of Project Category	Project Category	Number of Projects	Green Impact [total CO2 emissions Reduced (t-CO2/y)]	Green Impact SuMi TRUST share (t-CO2/y) <sup>3</sup>	KPIs for all projects in category meet Reporting Criteria
1	Renewable Energy	Wind Energy	3 (1 onshore project and 2 offshore projects)	494,988	51,929	Yes
2	Renewable Energy	Solar Energy	13	155,749	126,756	Yes

<sup>3</sup> The amount is calculated based on relevant financing proportion by SuMi TRUST to each project.

## Disclaimer

© Sustainalytics 2019. All rights reserved.

The intellectual property rights to the information contained herein is vested exclusively in Sustainalytics. No part of this deliverable may be reproduced, disseminated, comingled, used to create derivative works, furnished in any manner, made available to third parties or published, parts hereof or the information contained herein in any form or in any manner, be it electronically, mechanically, through photocopies or recordings without the express written consent of Sustainalytics.

As the information herein is based on information made available by the issuer, the information is provided “as is” and, therefore Sustainalytics does not warrant that the information presented in this deliverable is complete, accurate or up to date, nor assumes any responsibility for errors or omissions and Sustainalytics will not accept any form of liability for the substance of the deliverable and/or any liability for damage arising from the use of this deliverable and/or the information provided in it. Any reference to third party names is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner.

Nothing contained in this deliverable shall be construed as to make a representation or warranty on the part of Sustainalytics, express or implied, regarding the advisability to invest in companies, selection of projects or make any kind of business transactions. It shall not be construed as an investment advice (as defined in the applicable jurisdiction), nor be interpreted and construed as an assessment of the issuer’s economic performance, financial obligations nor its creditworthiness.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

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

## Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider. The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan and the Minister of the Environment Award in the Japan Green Contributor category of the Japan Green Bond Awards in 2019.

For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com)

Or contact us [info@sustainalytics.com](mailto:info@sustainalytics.com)

