

Sumitomo Mitsui Trust Bank (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 (USD500M 5-Year Green Bond due March 2026) aimed at financing and/or refinancing renewable energy, energy efficiency, clean transportation, pollution prevention and control, and green buildings projects (the “Green Bond”), and allocated the proceeds to 10 Renewable Energy projects as of 31 March 2021. In September 2021, SuMi TRUST engaged Sustainalytics to review the projects funded through the issued Green Bond and provide an assessment as to 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

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded as of 31 March 2021 based on whether the projects:

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

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

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
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

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 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 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,² 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 Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Framework.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the Green Bond as of 31 March 2021 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 to criteria.	None
Reporting Criteria	Verification of the projects funded by the Green Bond as of 31 March 2021 to determine if impact of projects was reported in line with the KPIs outlined in the Framework and above in Table 1. 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

² 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.

Appendices

Appendix 1: Allocation of Green Bond Proceeds

Use of Proceeds Category	Sub-category	Number of Projects	Equator Principles Category	Loaned Date	Net Bond Proceeds Allocation (Million USD)
Renewable Energy	Solar	10	Category B: 10 projects	Made within 24 months of the date of Green Bond issuance: 10 projects	366 ³
Allocated Proceeds:					366
Unallocated Proceeds:					134
Total Proceeds from Green Bond issuance:					500

Appendix 2: Impact Reporting by Eligibility Criteria

Use of Proceeds Category	Sub-category	Number of Projects	Green Impact: CO ₂ emission reduction amount (t-CO ₂ /y)	Green Impact: CO ₂ emission reduction amount (Sumi TRUST's contribution) (t-CO ₂ /y)
Renewable Energy	Solar	10	192,711	102,008

³ Converted from JPY to USD with the FX rate of March 31, 2021 (1USD=110.65 yen)

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