# Sumitomo Mitsui Trust Bank, Limited (2022 Green Bond)

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## Introduction

In March 2022, Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST") issued a USD 500 million five-year green bond (the "2022 Green Bond") to finance and refinance projects that are expected to provide positive environmental impacts. In September 2024, SuMi TRUST engaged Sustainalytics to review the projects financed with proceeds from the 2022 Green Bond (the "Nominated Expenditures") and provide an assessment as to whether they meet the use of proceeds criteria and whether SuMi TRUST complied with the reporting commitments 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 instruments issued under the Framework, following previous reviews in September 2022[3] and September 2023.[4]

## Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and SuMi TRUST's reporting based on whether they:

1. Meet 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: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs**

| 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 100g$CO_2$/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 100g$CO_2$/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 |
| **Green Buildings** | The acquisition, development and construction of new, existing or refurbished buildings which have received or will receive during the life of the Green Bond at least one of the following green building classifications. | Number and certification level of green buildings for Green Buildings projects |

[1] SuMi TRUST, "Green Bond Framework", 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, "Annual Review, Sumitomo Mitsui Trust Bank, Limited", (2022), at: https://www.smth.jp/english/-/media/th/english/sustainability/Initiatives_achievements/esgi/greenbond/pdf/20220310/Sustainalytics_Annual_Review_SMTB2022.pdf
[4] Sustainalytics, "Annual Review, Sumitomo Mitsui Trust Bank, Limited", (2023), at: https://www.smth.jp/english/-/media/th/english/sustainability/Initiatives_achievements/esgi/greenbond/pdf/20220310/Sustainalytics_Annual_Review_SMTB2023.pdf

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|---|---|---|
| | i. LEED (Leadership in Energy and Environmental Design): LEED Platinum or Gold<br>ii. BREEAM (Building Research Establishment Environmental Assessment Methodology): BREEAM Outstanding or Excellent<br>iii. CASBEE (Comprehensive Assessment System for Built Environment Efficiency): CASBEE S Rank or A Rank<br>iv. DBJ (Development Bank of Japan) Green Building Certification: DBJ Green Building 5 Star or 4 Star<br>v. BELS (Building-Housing Energy-efficiency Labelling System): BELS 5 Star or 4 Star<br>Eligible green buildings may include those owned by J-REIT (Japanese Real Estate Investment Trusts), and in such case, the allocation amounts to eligible green buildings owned by J-REITs may be calculated based on pro-rata share of eligible green buildings' acquisition cost. The net proceeds allocated to J-REITs project will be no greater than the amount lent to J-REITs or investment exposure to eligible projects/assets. | |

## Issuer's Responsibility

SuMi TRUST is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and 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 2022 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 Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. SuMi TRUST has disclosed to Sustainalytics that the proceeds from the 2022 Green Bond were fully allocated as of March 2024.

[5] Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

## Detailed Findings

**Table 2: Detailed Findings**

| Framework Requirements | Procedure Performed | Factual Findings | Error or Exceptions Identified |
|---|---|---|---|
| **Use of Proceeds Criteria** | Verification of projects to determine alignment with the use of proceeds criteria outlined in the Framework. | The Nominated Expenditures comply with the use of proceeds criteria. | None |
| **Reporting Criteria** | Verification of projects or assets to determine if impact was reported in line with the KPIs outlined in the Framework. | SuMi TRUST reported on at least one KPI per use of proceeds category. | None |

# Appendix

## Appendix 1: Allocation and Reported Impact of SuMi TRUST's 2022 Green Bond Proceeds[6]

**Table 3: Total Allocation from the 2022 Green Bond**

| Use of Proceeds Category | Amount Allocated (USD million)[7] |
|---|---|
| Renewable Energy | 221 |
| Green Buildings | 411 |
| **Total Amount Allocated** | **632** |
| **Total Amount Unallocated** | **0** |
| **Total Net Proceeds Raised from 2022 Green Bond** | **500** |

**Table 4: Allocation and Reported Impact from Renewable Energy Category**

| Use of Proceeds Category | Sub-Category | Number of Projects | Reported Impact (SuMi TRUST's Contribution) ($tCO_2$/year)[8] | Amount Allocated (USD Million) |
|---|---|---|---|---|
| Renewable Energy | Solar | 5 | 41,254 | 186 |
| | Wind | 1 | 15,518 | 35 |
| **Total** | | **6** | **56,772** | **221** |

**Table 5: Allocation and Reported Impact from Green Buildings Category**

| Use of Proceeds Category | Sub-Category | Number of Projects | Reported Impact | Amount Allocated (USD million)[9] |
|---|---|---|---|---|
| Green Buildings | Logistics | 1 | DBJ Green Building Certification: 5 Star | 86 |
| | Offices | 1 | | 148 |
| | Retail | 1 | | 177 |
| **Total** | | **3** | **-** | **411** |

[6] SuMi TRUST, "Green bond", at: https://www.smth.jp/english/sustainability/Initiatives_achievements/esgi/greenbond
[7] JPY to USD converted with 31 March 2022 rate (at the end of the month of the bond issuance date, USD 1 = JPY 122.38) and rounded to the nearest million.
[8] The reported impact has been calculated on a pro-rata basis.

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