

Green Bond / Green Bond Programme

Independent External Review Form

Section 1. Basic Information

Issuer name: Sumitomo Mitsui Trust Bank

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: UUR Green Joint Trust (Trust Beneficiary Right)

Independent External Review provider's name: Japan Credit Rating Agency, Ltd.

Completion date of this form: September 3, 2018

Publication date of review publication: September 3, 2018

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- | | |
|--|--|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Sumitomo Mitsui Trust Bank, Limited (SMTB) was founded in 1925 as Sumitomo Trust Co., Ltd., and is the core company of Sumitomo Mitsui Trust Group (SMTG). This is a trust bank established by the merger of Sumitomo Trust Co., Ltd., Chuo Mitsui Trust and Banking Co., Ltd., and Chuo Mitsui Asset Trust and Banking Co., Ltd. in 2012. The SMTG to which SMTB belongs is Japan's largest asset management group, and it is a trust banking group with a leading size in the industry centring on asset management and administration. In response to the climate change issue, the SMTG formulated the Action Guidelines for Mitigating Climate Change, in which it stated in "2. Provision of Products and Services"

"We are working on developing and providing products and services that help mitigate climate change. Our financial functions are being leveraged to promote energy conservation and encourage the use of renewable energy."

The group aims to contribute to the resolution of climate change issues by utilizing the functions of the trust.

Please click the following URL link for full review report.

This time, the trust beneficiary rights that are delivered by the joint money trusts established by the SMTB are subject to evaluation.

SMTB receives money in trust (or borrowing from ABLs) from investors (1).), Loan the fund to United Urban Investment Corporation (UUR) (2)). It is a mechanism that principal and interests paid by UUR to SMTB (3) shall be returned to the profits of investors as dividend income (4). The long-term loan from SMTB to UUR (the "Loan"), which the use of proceeds of the issuance of the Trust Beneficiary Rights, shall be used to refinance the funds acquired by UUR for the acquisition of the existing Green Buildings and to acquire a new Green Building. This loan acquired the highest green loan evaluation from JCR, "Green1", and SMTB has confirmed the greenness of the loan's use of proceeds.

In addition, JCR confirmed that the management system and transparency of trust beneficiary rights are high considering the fact that the account of trust beneficiary rights in the SMTB are managed in an appropriate manner internally and that the internal management system is well established and maintained.

As a result, in accordance with the JCR Green Bond Evaluation Method, the target trust beneficiary rights for this evaluation is "g1" in the Green Evaluation (Use of Proceeds)" and "m1" in the Management, Operation and Transparency Evaluation, and the "Overall Evaluation" is "Green1." Detailed evaluation results are discussed in the next chapter. In addition, the trust beneficiary rights are considered to meet the criteria for the items required by ICMA's Green Bond Principles¹ and the Green Bond Guidelines issued by the Ministry of the Environment of Japan.

<https://www.jcr.co.jp/en/greenfinance/>

¹ ICMA(International Capital Markets Association) Green Bond Principles 2018

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable):*

a. Environmental Benefits of the Projects

- i. 100% of the proceeds are used for refinancing or financing to green buildings with the certification of CASBEE real estate certification, DBJ Green Building Certification or BELS Certification.
- ii. The use of proceeds falls under green buildings which meet regional, national or internationally recognized standards or certifications listed in ICMA Green Bond Principle and MOE green bond guidelines.

b. Negative impact on Environment

As a result of the appraisal, no possibility of adverse impact was expected.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other <i>(please specify)</i> : |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable):*

SMTB and UUR have clear environmental goal, project selection criteria and process to determine the proceeds, which are publicized in its green bond framework.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information on Responsibilities and Accountability

- | | |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

All the proceeds are promptly allocated to the project and there is no unallocated portion.

Tracking of proceeds:

- | |
|--|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other <i>(please specify)</i> : |

Additional disclosure:

- | | |
|--|--|
| <input type="checkbox"/> Allocations to future investments only | <input type="checkbox"/> Allocations to both existing and future investments |
| <input checked="" type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other <i>(please specify)</i> : |

4. REPORTING

Overall comment on section *(if applicable)*:

a. Reporting on proceeds allocation

Since the proceeds are promptly allocated to refinance or finance to 8 green buildings, there is no need to report unallocated portion of the proceeds.

b. Impact reporting for environmental benefits

SMTB confirmed that the borrower (UUR) will disclose electricity consumption, gas consumption, CO2 emissions, and water consumption on the website of the UUR once a year. Reporting on environmental improvement effects will be disclosed to investors on an annual basis by SMTB.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information reported:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input checked="" type="checkbox"/> Other <i>(please specify)</i> : | |

All the proceeds will be allocated to the projects promptly after issuing the bonds.

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other <i>(please specify)</i> : |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators <i>(please specify)</i> :
<i>Electricity, gas consumption, CO2 Emission and water consumption</i> |

Means of Disclosure

- | | |
|--|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input type="checkbox"/> Other <i>(please specify)</i> : |
| <input checked="" type="checkbox"/> Reporting reviewed | |

Yes, both use of proceeds and impact reporting are subject to external review.

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

Sumitomo Mitsui Trust Group's website about CSR efforts

<https://www.smth.jp/en/csr/index.html>

JCR's website about green bond evaluation methodology

<https://www.jcr.co.jp/en/greenfinance/>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):

Japan Credit Rating Agency, Ltd.

Date of publication:

September 3, 2018

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

1. **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
2. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
3. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
4. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.