

# Leveraging learnings to advance impact

## SUMI TRUST BANK

Sumitomo Mitsui Trust Bank ('SuMi TRUST Bank') undertook its second partial verification with BlueMark in 2024 after being initially verified less than a year earlier in 2023, reflecting their commitment to continuous learning and improvement. SuMi TRUST Bank engaged with BlueMark driven by an intrinsic motivation to enhance their impact measurement and management systems, even though SuMi TRUST Bank has no obligation to meet the verification requirements of a signatory to the Operating Principles for Impact Management (the 'Impact Principles').

SuMi TRUST Bank is a leading financial institution in Japan, whose allocation to impact puts them on the map as one of the major players in Japan's impact investing ecosystem. As of March 2024, SuMi TRUST Bank had around ¥3.8 trillion cumulative amount in sustainable finance FY2021-FY2023. In November 2021, SuMi TRUST Bank decided to make impact equity investments (¥0.5 trillion) to help solve social issues and launched initiatives in earnest in April 2022. In addition to investing a cumulative total of ¥0.5 trillion of its own money (up through FY2030) into businesses and projects aimed at resolving various environmental and social issues, SuMi TRUST Bank has also used this as a way to encourage other investors, calling for ¥2 trillion in investment, to conduct investment activities with a total scale of ¥2.5 trillion.

SuMi TRUST Bank first engaged BlueMark in 2023 to verify their impact management systems' degree of alignment with the Impact Principles. The inputs to BlueMark's verification included an interview with SuMi TRUST Bank staff, policy documents and templates, and documents associated with a sample of transactions. BlueMark's assessment of SuMi TRUST Bank's impact management system was based on a proprietary rubric grounded in the Impact Principles and BlueMark's impact management expertise.

BlueMark found numerous strengths in SuMi TRUST Bank's underlying impact management system during the first verification engagement, including their detailed processes for investing to further positive outcomes through both direct and indirect investments across its four key themes – Environment & Climate Change, Healthcare, Food and Agriculture, and Regional Revitalization in Japan.

**“We engaged BlueMark driven by an intrinsic desire to enhance our impact measurement and management systems. BlueMark’s expertise and recommendations during both verifications were invaluable, helping us build stronger processes to scale impact at large. This wasn’t just a checkbox exercise; it set us on a course of sustained progress and advancement, further solidifying our role as eco-system builders in Japan’s impact and sustainable investing markets.”**

BlueMark also provided recommendations for SuMi TRUST Bank in this initial verification to further align their impact management system with the Impact Principles, including developing a theory of change or impact narrative detailing the link between their investment strategy and the social, environmental, or economic challenges they aim to address. Similarly, BlueMark advised SuMi TRUST Bank to clearly articulate its approach to investor contribution and formalize processes for assessing the firm's additionality to the impact of its investments.

In a move highlighting their commitment to ongoing improvement, the team at SuMi TRUST Bank was able to present BlueMark's recommendations to its Credit Risk Committee and quickly implemented the recommendations from their first verification within less than a year. The results from SuMi TRUST Bank's repeat engagement in 2024 with BlueMark illuminate that re-verification can fuel growth and refinement, displayed through key findings in [Making the Mark V](#).

A key enhancement to SuMi TRUST Bank's impact management system included the development of detailed "issue maps," exploring the most pressing social and environmental issues requiring investment, in addition to a theory of change that more clearly articulates the connection between the firm's investment strategy and the societal, environmental, and economic challenges they seek to address. Another notable advancement was SuMi TRUST Bank's introduction of an industry-specific ESG Questionnaire aligned with SASB guidelines to identify ESG risks.

SuMi TRUST Bank implemented several other enhancements, such as conducting a detailed analysis of investor contributions for each investment and integrating an impact scoring system to assess an investee's impact potential.

SuMi TRUST Bank's decision to refine their impact management system after their first verification with BlueMark, underscores their commitment to learning and improvement, core tenets of the impact investing industry. As a leading financial institution in Japan, SuMi TRUST Bank's commitment to allocating capital towards impact, while consistently applying evolving market standards, encourages other industry players to pursue their own paths of learning, enhancement, and progression.