

# Equator Principles Progress Report

April 2025

**MUFG Bank**

A member of MUFG, a global financial group



# Agenda

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# Preamble

Large-scale infrastructure developments are essential in achieving a stable and robust economic society. However, large-scale projects can have diverse potential environmental and social impacts and risks, including air pollution, ecosystem destruction, and displacement of residents. Even renewable energy projects, often considered environmentally friendly, carry risks. The examples are bird strikes and shadow flickers, the latter being caused by rotating wind generator turbine blades affecting the lives of people in surrounding areas.

The Equator Principles is a risk management framework for financial institutions, created to identify, assess, and manage environmental and social risks in large-scale projects. The Equator Principles was established in 2003 as a pioneering sustainability framework for private financial institutions. The number of signatories to the Equator Principles reached 129 as of the end of March 2025, 20+ years since its inception.

MUFG Bank has long been engaged in providing finance for large-scale projects subject to the Equator Principles application. Environmental and social due diligence based on the Equator Principles is conducted by an in-house expert team, and the number of projects subject to reviews by the in-house team hit the highest among the whole signatories to the Equator Principles worldwide.

In the nine months from April to December 2023, more than half of the projects subject to the Equator Principles review came from renewable energy sector, with a total nameplate generation capacity of approximately 16.3 gigawatts (GW), sufficient to meet the electricity consumption of households in major cities such as New York and London.

Furthermore, as a signatory to the Equator Principles since the early days, the Bank continues to be one of the active signatories in the Equator Principles community. As the representative of the Asia-Oceania region of the community, the Bank represents over 50 financial institutions in the region and demonstrates leadership in further advancement of the Equator Principles.

This year marks the 20th anniversary of the Bank's journey with the Equator Principles. To reflect on the Bank's activities to date and to provide broader range of stakeholders with specifics of process and details of environmental and social due diligence based on the Equator Principles, the Bank has developed its first "Equator Principles Progress Report."

The Equator Principles has evolved through dialogue and collaboration with a variety of stakeholders. With that in mind, the Bank hereby reaffirms its commitment to uninterruptedly contributing to realisation of a sustainable economic society.

Please note that some of the terms used in this report may be unfamiliar to the readers. For terms highlighted in blue, please refer to the glossary at the end of the report.

# Foreword from Max Griffin, CEO Equator Principles



Since adopting the Equator Principles (EPs) in 2005 MUFG has been a very pro-active Equator Principles Financial Institution (EPFI) both within the Asia-Oceania region and globally.

Following significant growth over the past 10 years, Asia-Oceania (AO) is now the largest EP region with over 50 EPFIs. MUFG's current role as Regional Representative for the AO region (alongside Export Finance Australia) is vital to help foster collaboration and consistent application of the EPs across all the markets that are served by EPFIs headquartered in this growing region. At various points over the last 20 years, MUFG has also taken on other leadership roles within EP, including through each of the periodic updates to the EPs themselves.

MUFG continues to take its commitment to sustainability and robust application of environmental and social risk management very seriously, investing considerable time, energy and professional resource into ensuring that their leadership position in this critical discipline is maintained and enhanced. In our most recent EP reporting year (2023) MUFG reported more in-scope financial transactions reaching financial close than any other EPFI.

Further details regarding MUFG's implementation of the EPs, and action across sustainable finance more broadly, is provided within this, their first, EP progress report. I am very pleased to contribute this foreword and very much look forward to continuing to work alongside the dedicated E&S team at MUFG for many years to come.

Max Griffin  
CEO Equator Principles

# What is Equator Principles? (EP)



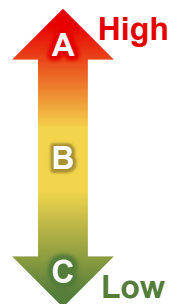
## About EP

Equator Principles (EP) is a financial industry benchmark for determining, assessing and managing environmental and social (E&S) risks and impacts in projects.

EP Financial institutions (EPFI) categorises the project based on the magnitude of their potential E&S risks and impacts and manages the risk based on the assigned category.

As of the end of March 2025, 129 financial institutions worldwide have adopted the EP.

### E&S Risk

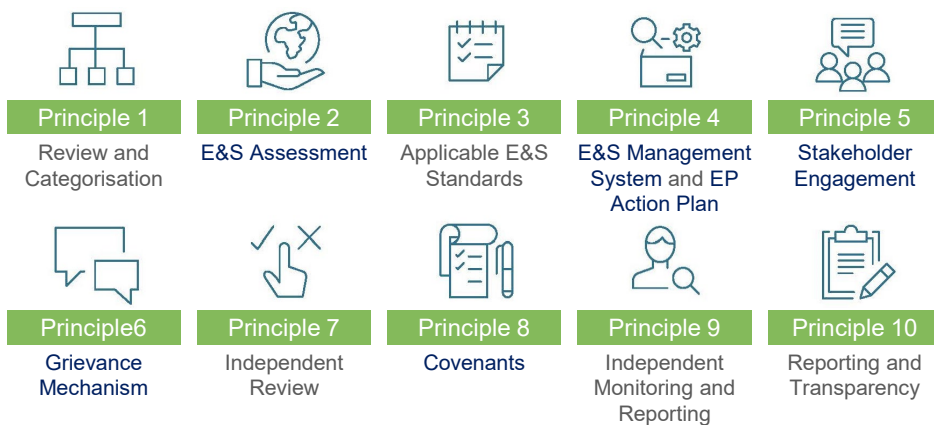


## Scope of EP

EP applies to **project finance**, project related **corporate loan** and financial **advisory services**.

## Overview of EP

EP consists of 10 Principles



## The Standards Referenced by EP

EP refers to IFC Performance Standards and World Bank Group Environmental, Health and Safety (EHS) Guidelines.

### IFC Performance Standards

<b>1 Risk Management</b>  Assessment and Management of E&S Risks and Impacts	<b>2 Labor</b>  Labor and Working Conditions	<b>3 Resource Efficiency</b>  Resource Efficiency and Pollution Prevention	<b>4 Community</b>  Community Health, Safety and Security
<b>5 Land Resettlement</b>  Land Acquisition and Involuntary Resettlement	<b>6 Biodiversity</b>  Biodiversity Conservation and Sustainable Management of Living Natural Resources	<b>7 Indigenous People</b>  Indigenous Peoples	<b>8 Cultural Heritage</b>  Cultural Heritage

### The World Bank Group EHS Guidelines

 Agribusiness Food Production	 Chemicals	 Forestry	 General Manufacturing
 Infrastructure	 Oil and gas	 Mining	 Power

# Biodiversity Conservation – View Point from the Mitigation Hierarchy

**Environmental and social due diligence** based on the EP involves risks and impacts assessment from various perspectives. This report presents MUFG Bank's approach towards biodiversity conservation.

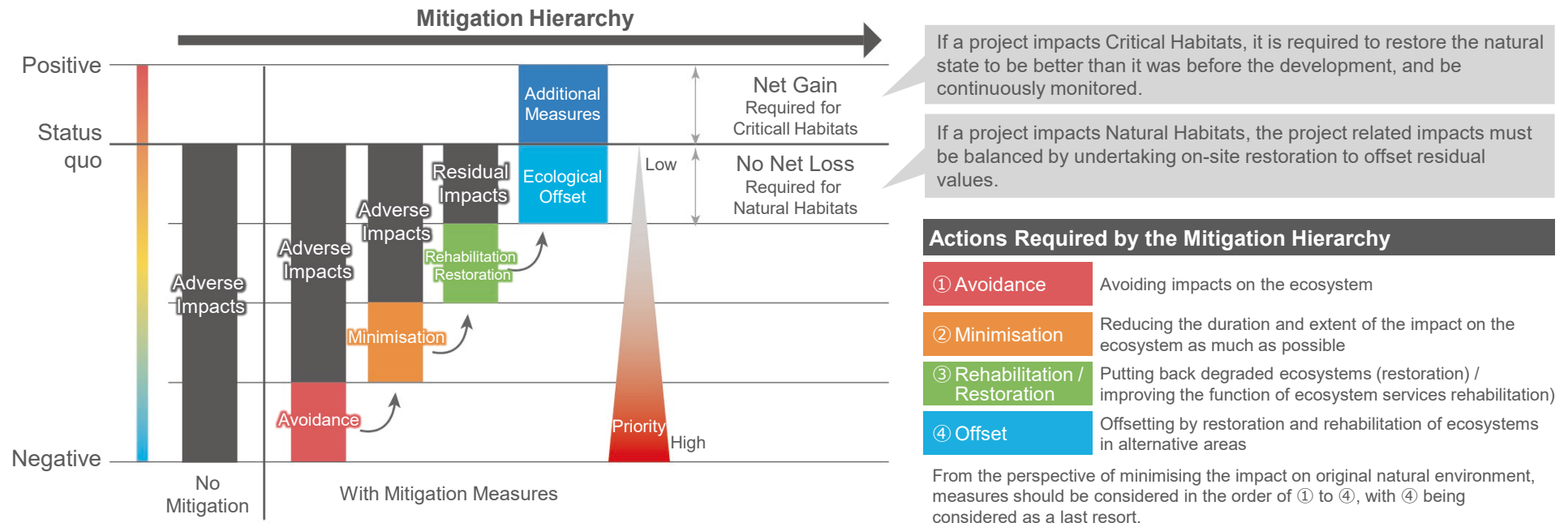
Our social activities are supported by rich **ecosystems**, but in recent years, many species are facing the threat of extinction due to impacts from deforestation and climate change and other factors. Development activities can pose serious risks to ecosystems, therefore it is crucial for business to take appropriate measures for biodiversity conservation.

The requirements for biodiversity conservation are set in IFC Performance Standard 6 “Biodiversity Conservation and Sustainable Management of Living Natural Resources”, which classifies habitats into three categories: “**Critical Habitats**”, “**Natural Habitats**”, and “**Modified Habitats**”.

If the project impacts Critical, Natural, or Modified Habitats, the project will need to follow the “Mitigation Hierarchy”.

The Mitigation Hierarchy is an approach that refers to the prioritisation of measures considered to address the negative E&S impacts of a project. The Bank first considers whether the negative impacts can be avoided, then minimise, restore or rehabilitate biodiversity, and as a last resort, implement offsets to conserve biodiversity.

As shown in the diagram below, the required level of measures and actions differs depending on the classification of the habitat affected by the project.

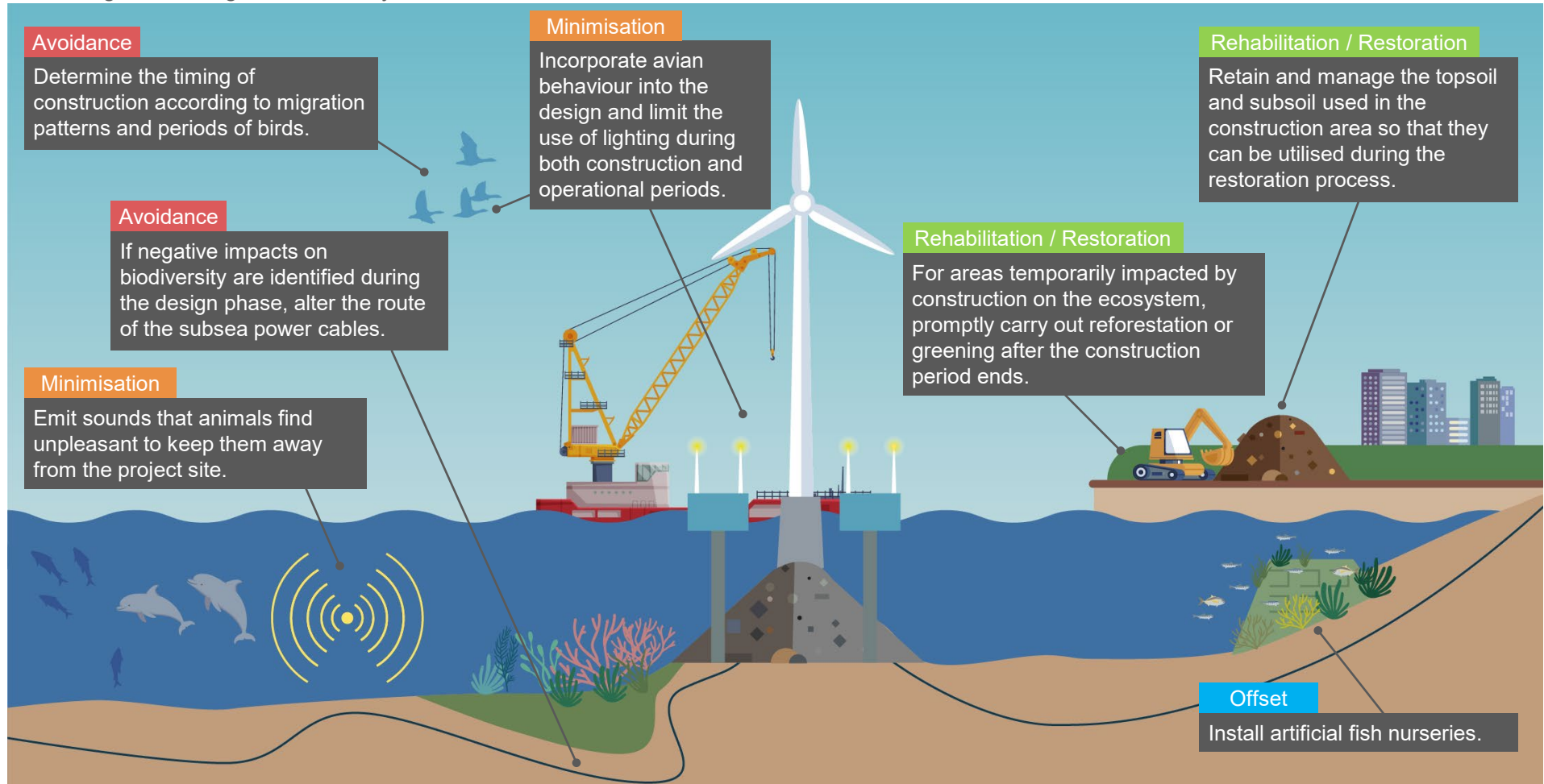




# Case Study (1): Biodiversity Conservation Measures in Offshore Wind Power Project

Offshore wind power projects could potentially interfere with migratory bird routes or negatively impact marine ecosystems, during construction and operation.

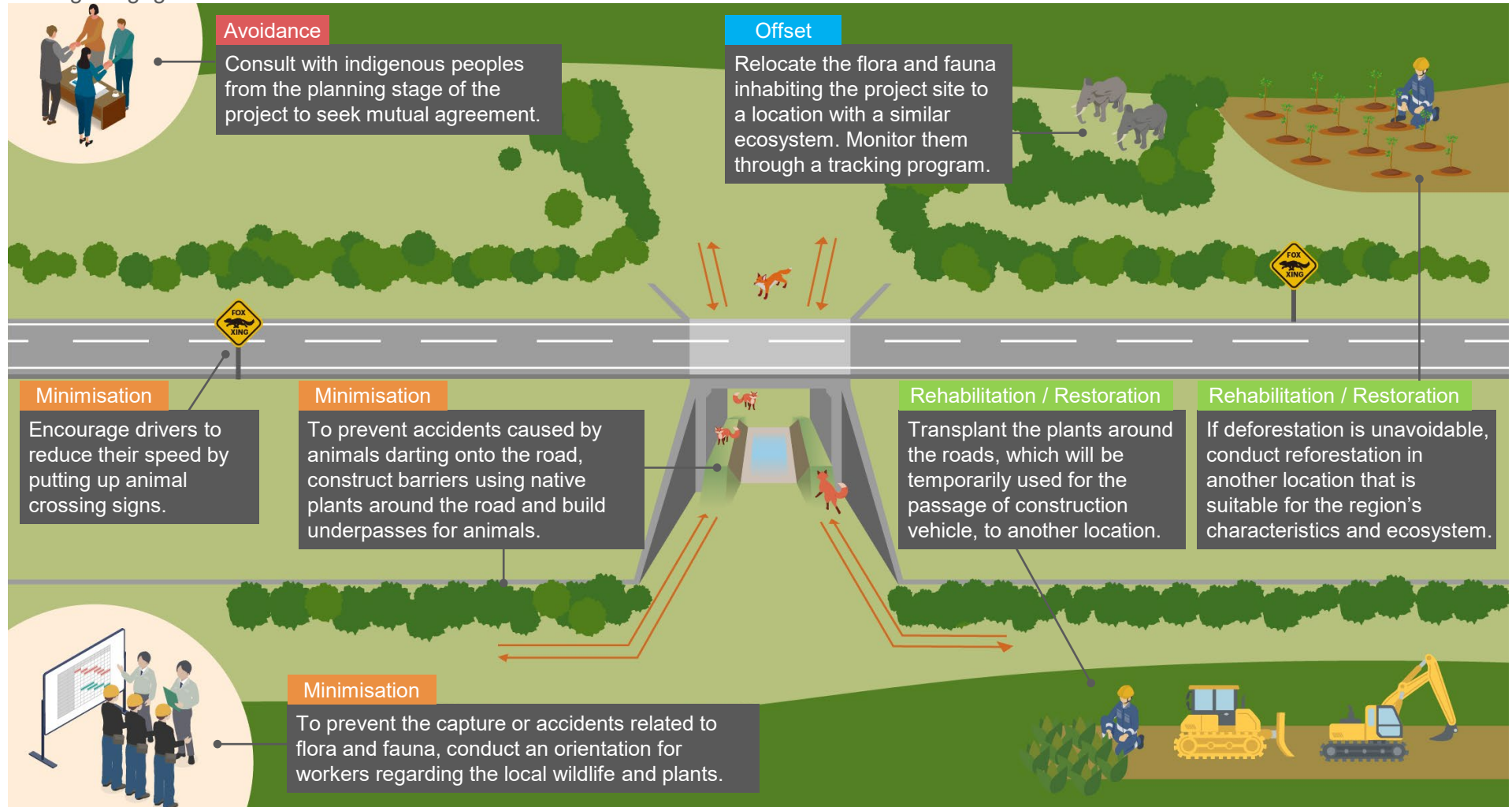
The E&S due diligence based on the EP assesses potential negative impacts that could be caused by the project and considers measures to address them. To minimise the impact on original natural environment, it confirms that (1) avoidance and (2) mitigation measures are prioritised, according to the mitigation hierarchy.



## Case Study (2): Biodiversity Conservation Measures in Road Construction and Expansion Project

Project sites of road construction projects are typically large and may largely impact the ecosystems and local communities in surrounding areas. The E&S due diligence base on the EP confirms that stakeholders are properly identified and engaged from an early stage.

Local communities and indigenous peoples often possess deep insights into the rich local ecosystems, so their knowledge may be drawn upon through engagement.

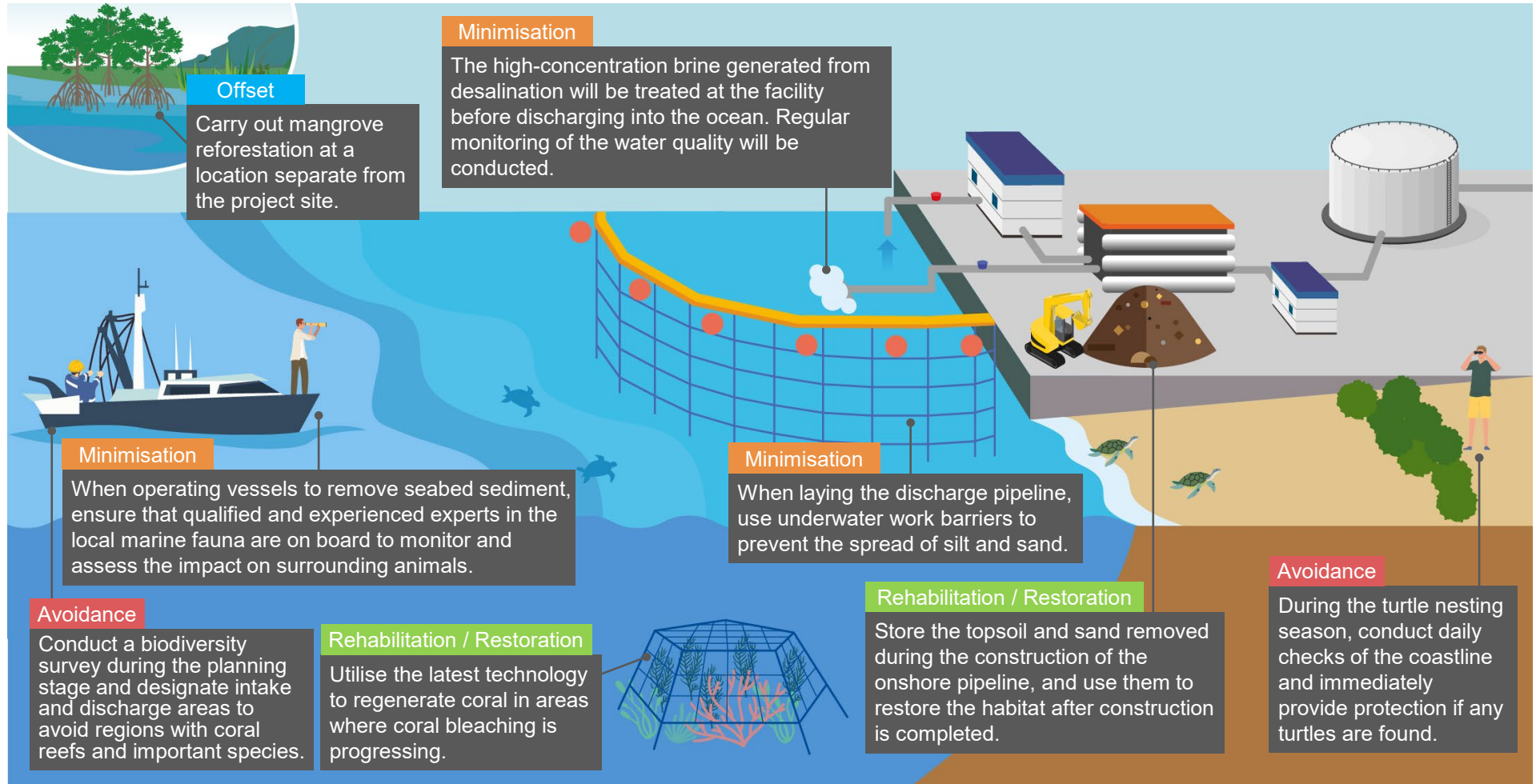




# Case Study (3): Biodiversity Conservation Measures in Desalination Project

Seawater **desalination** projects provide drinking water in areas where water resources are scarce. However, if the **high-concentration brine** is discharged directly into the ocean, it is likely to have a serious impact on ecosystems.

E&S due diligence based on the EP confirms that wastewater has been properly treated and that a water quality monitoring plan is prepared for the operation period.



# Reflecting on 2023 EP Applied Projects

## Majority of Projects in Renewable Energy, with Growth in Data Centres and Battery Storage

From April to December 2023<sup>1</sup>, MUFG Bank applied the EP to a total of 84 projects, the highest number among EPFIs.

Based on project sector, more than half of the project finance where EP had been applied during the above period were renewable energy projects. The total power generation capacity of these projects amounts to approximately 16.3GW.

This capacity is sufficient to supply electricity to households in the entire state of New York, USA, at maximum, and even at minimum, it can easily supply enough electricity to households in the city of London, UK<sup>2</sup>.

As shown on the map to the right, the Bank is actively participating in renewable energy projects worldwide, supporting the transition to a decarbonized society.

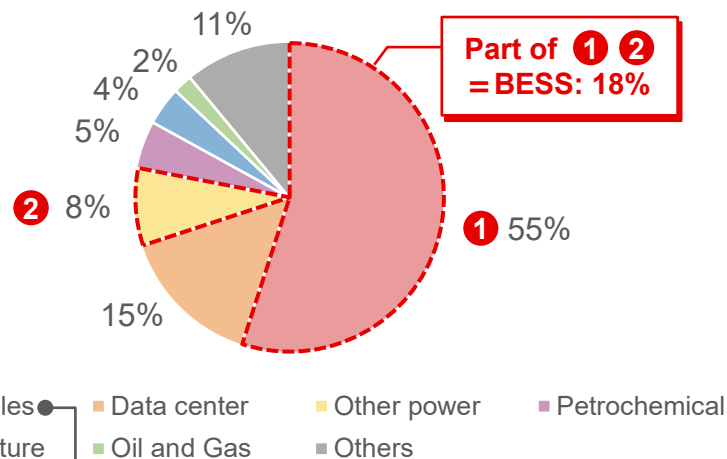
The next largest sector is **data centre** projects, accounting for 15%. With the advancement of digitalisation and AI utilisation, data centre construction has in recent years been progressing globally in recent years.

A unique E&S issue for data centres is their high power consumption. The Bank confirms the power procurement status during the E&S due diligence process and promotes the procurement of 100% renewable energy and the transition to renewable energy via engagement with clients.

Given the unique challenge of ensuring stable energy output of renewable energy, the number of **battery energy storage system (BESS)** projects is also increasing. BESS and renewable energy projects equipped with battery storage together make up 18% of the total EP applicable projects.

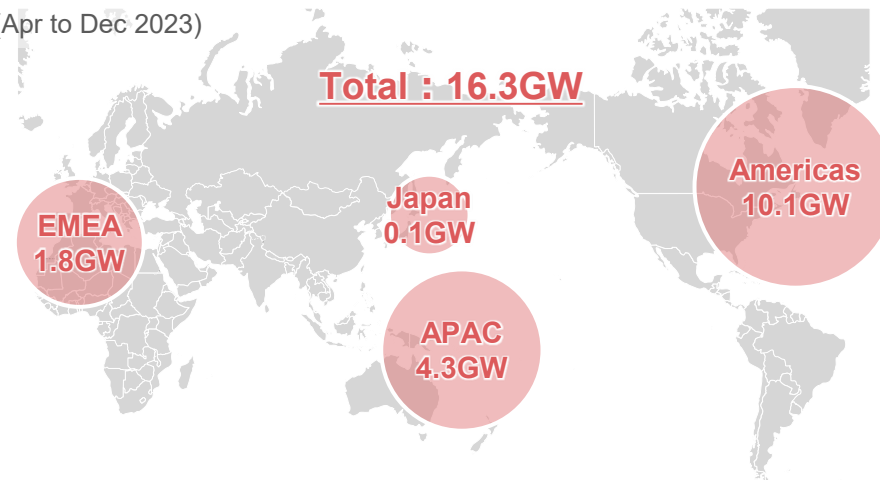
(Note) 1. Beginning from 2024, reporting under the EP must be conducted on a calendar year basis, from January to December. Previously, the Bank reported / conducted information disclosure based on the fiscal year, which runs from April to March. To comply with the new requirements, The Bank reports/discloses the Bank's 2023 results over a 9-month reporting period, from April to December, as a transitional measure.  
2. Regarding capacity factors, the Bank assumes 15% for solar power generation and 35% for wind power generation.

## Sector Analysis



## Capacity of Renewable Energy Projects Financed by MUFG Bank

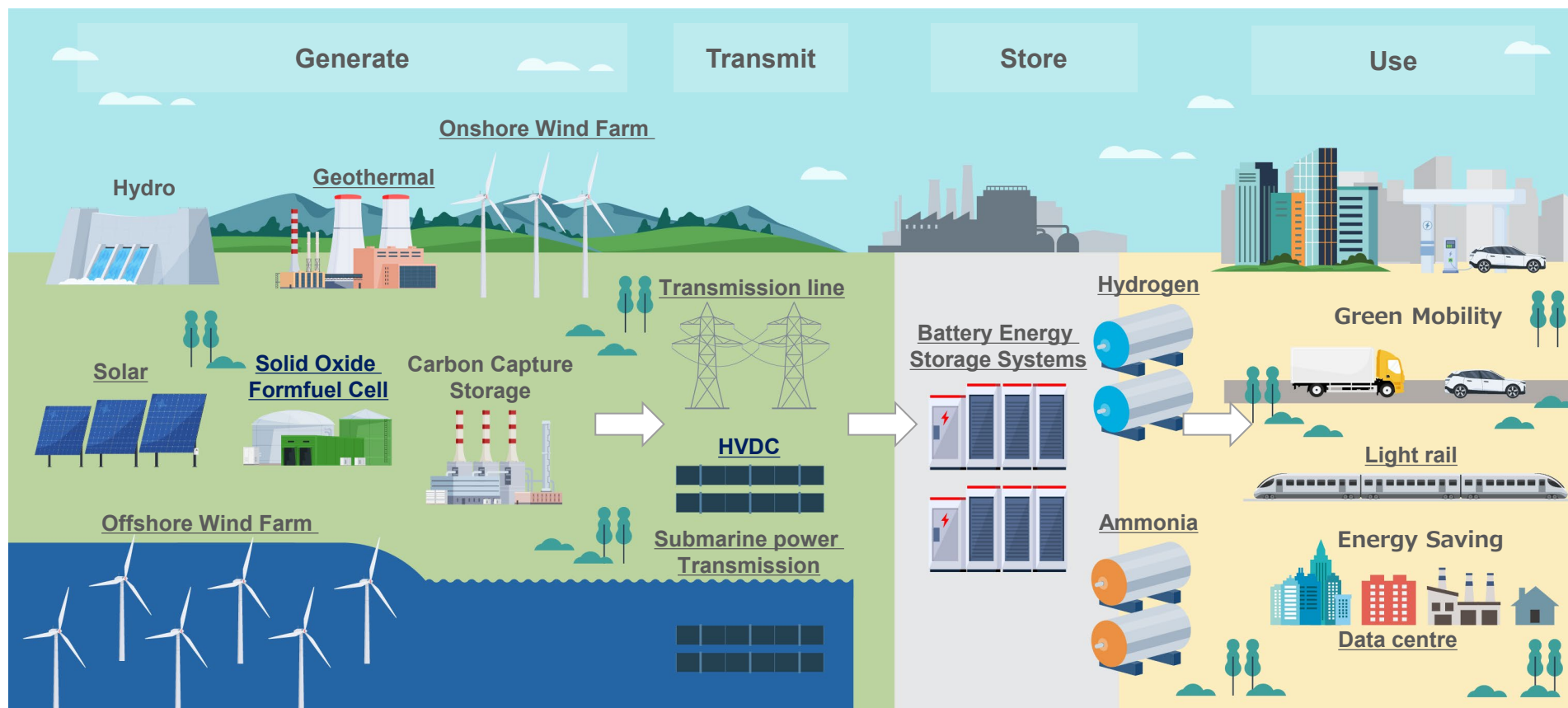
(Apr to Dec 2023)



# A Society Shaped by EP Applied Projects in 2023

MUFG Bank applies the EP to projects it finances across a wide range of sectors. Below is a diagram illustrating the entire value chain for renewable electricity, from its generation to usage.


















The underlined sectors are those where there are projects financed by the Bank to which EP has been applied and the Bank contributed to project origination as a [Mandated Lead Arranger](#) in 2023. The Bank supports the sustainable development of all industries across the entire value chain through the appropriate implementation of the EP.



# Implementation of EP at MUFG Bank

## Overview From Planning Stage to Monitoring Phase

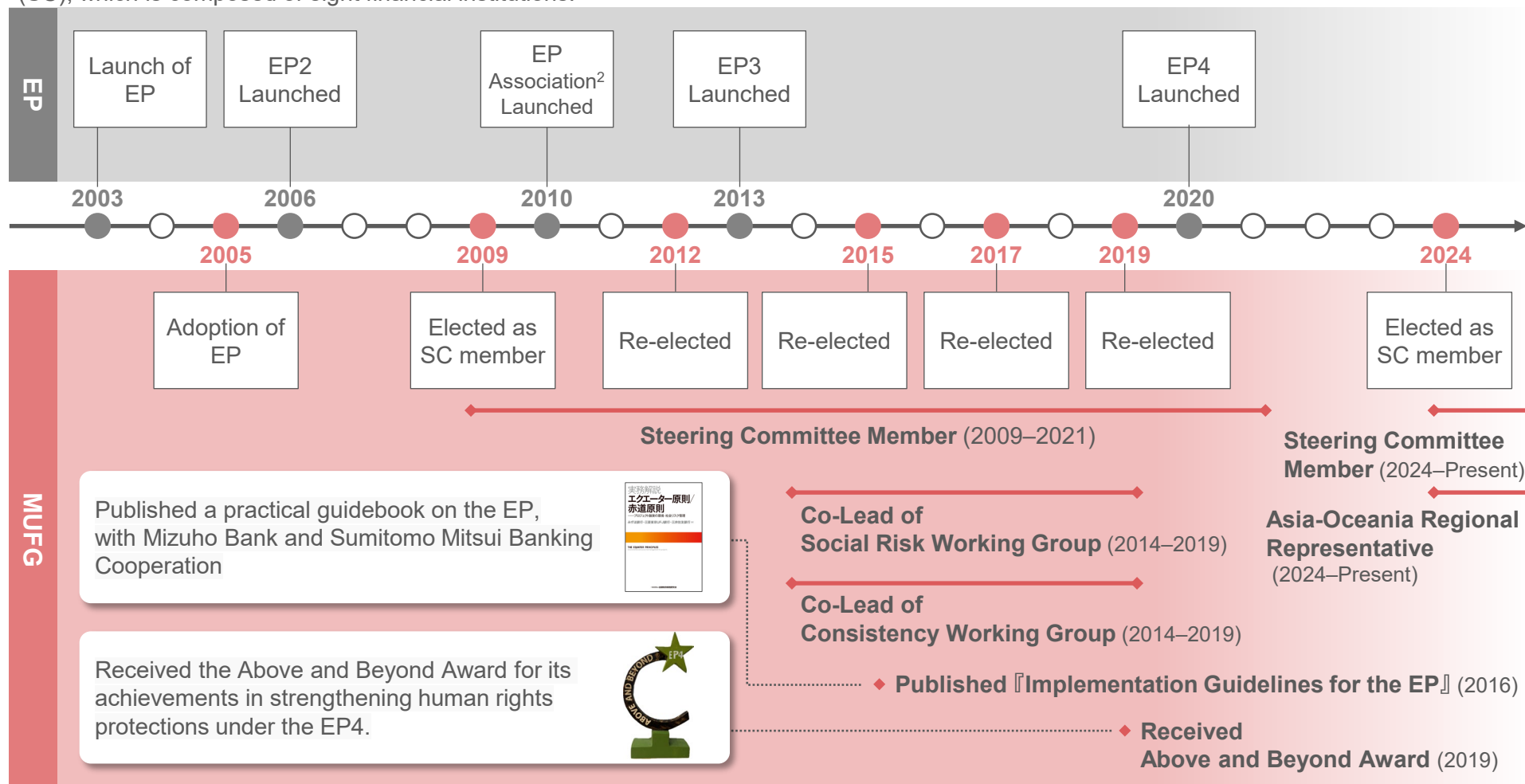
Since adopting the EP in 2005, MUFG Bank has been conducting E&S due diligence according to the following process. Environmental and Social Assessment Department, Sustainability Office, Corporate Planning Division (ESAD), is responsible for EP review.

	Client	Front Office	ESAD	E&S Consultant	
Planning					When considering financing for the projects, the front office prepares and submits an EP checklist and submits to the ESAD. ESAD determines the applicability of the EP.
	Planning	Check Sheet	Applicability check	Selection	
Categorisation					Based on the information collected from clients and front office, ESAD assigns a category to the project according to the potential E&S risks and impacts. The category recommendation by E&S Consultant is taken into account as necessary.
	Screening Form	Discussion	Categorisation	Recommendation	
E&S Review					ESAD confirms whether the projects meet the E&S requirements in accordance with the assigned categories. ESAD conducts site visits as appropriate. This process is called E&S due diligence (ESDD).
	ESIA	Discussion	ESDD	ESDD report	
Disclosure					After <a href="#">financial close</a> , for projects where client consent has been obtained, the Bank discloses the project name on the EP's website as a project to which EP has been applied.
	Disclosure Consent	Project Name Disclosure			
Monitoring					ESAD and front office monitor the implementation of E&S considerations by clients. Site visits are conducted as appropriate.
	Reporting	Monitoring		Monitoring report	

# MUFG Bank's Activities at the EP area

MUFG Bank has continuously demonstrated leadership by taking on various roles within the EP community.

Currently, the Bank serves as the Asia-Oceania Regional Representative<sup>1</sup> of the EP community and is a member of the Steering Committee (SC), which is composed of eight financial institutions.



(Note) 1. From April 2024, co-representative with Export Finance Australia, with a term until 2026.

2. As of 1 January 2024, the Equator Principles Association was replaced by a new legal structure and the Equator Principles are now legally represented by Equator Principles Limited. (<https://equator-principles.com/about-us/>)



# Outreach Activities as a Regional Representative

## Advancing the Implementation of the EP in the Asia-Pacific Region

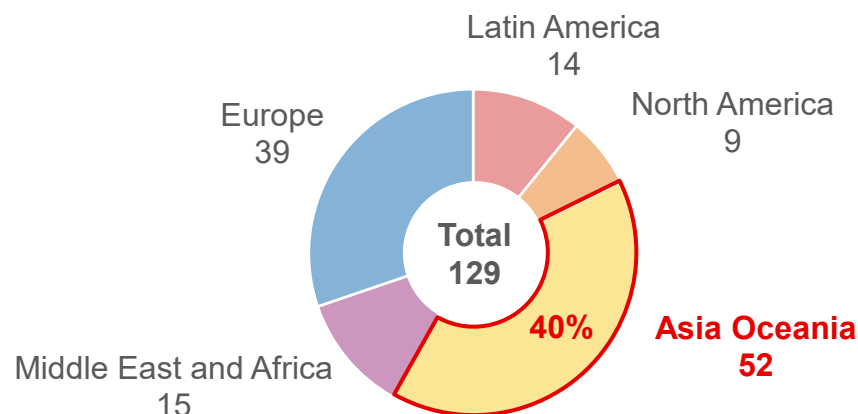
As of March 2025, EPFIs in the Asia Oceania region account for 52 out of 129 members globally, making the region with the highest number of EPFIs. As one of the most seasoned EPFIs, MUFG Bank leads discussions aiming to enhance effectiveness and further advancement of the EP. Additionally, as a regional representative, the Bank believes that by effectively communicating the opinions of EPFIs within the region to the wider EP community, further improvements in the quality of E&S risk management can be achieved.

In May 2024, the Bank organised and facilitated the panel discussion for Thai financial institutions at the ESG knowledge sharing event co-hosted by IFC, the EP Limited, and the Thai Bankers' Association in Bangkok.

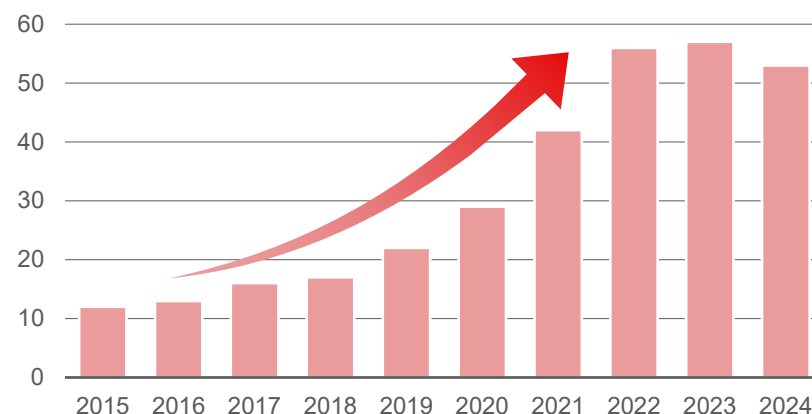
In recent years, the number of EPFIs in Asian region has seen steady and significant increase. According to the [Asian Development Bank<sup>1</sup>](#), the annual infrastructure investment required in the Asian region is estimated to be approximately US\$ 1.7 trillion until 2030, indicating that the region will highly likely to continue to host a number of EP applicable projects. The Bank believes that appropriate implementation of the Equator Principles will undoubtedly contribute to sustainable development in Asia in the future.



## Regional Breakdown of EPFIs



## Number of Asia Oceania EPFIs



# Development of EP and MUFG Bank's Contribution

MUFG Bank is dedicated to make contributions to every aspect of the EP improvements

## Supporting Strategic Planning

As a member of the Steering Committee, the Bank actively participates in discussions on the strategic planning of the EP. The “Strategy<sup>1</sup>” launched by the EP Association in 2020 emphasises stronger governance and strengthening of partnerships.

## Supporting Rule Making

The Bank plays a pivotal role in reviewing and updating the EP and the development of guidance notes. During the revision process of the EP4 in particular, the Bank took the lead in discussions on strengthening **human rights due diligence** as the Co-lead of the Social Risk Working Group.

## Supporting Implementation

As one of the most experienced EPFIs, the Bank actively shares examples of good practices in the EP implementation. Through making presentations at events including the EP Annual General Meeting and various workshops, the Bank aims to raise all EPFIs' awareness of the importance of E&S due diligence.

## Feedback

As the Asia-Oceania Regional Representative, the Bank regularly hosts regional calls for Asia-Oceania EPFIs, gathering the challenges they face and various requests. The Bank will then relay those challenges and requests to the Steering Committee to discuss how to address them.

## Supporting Refinement

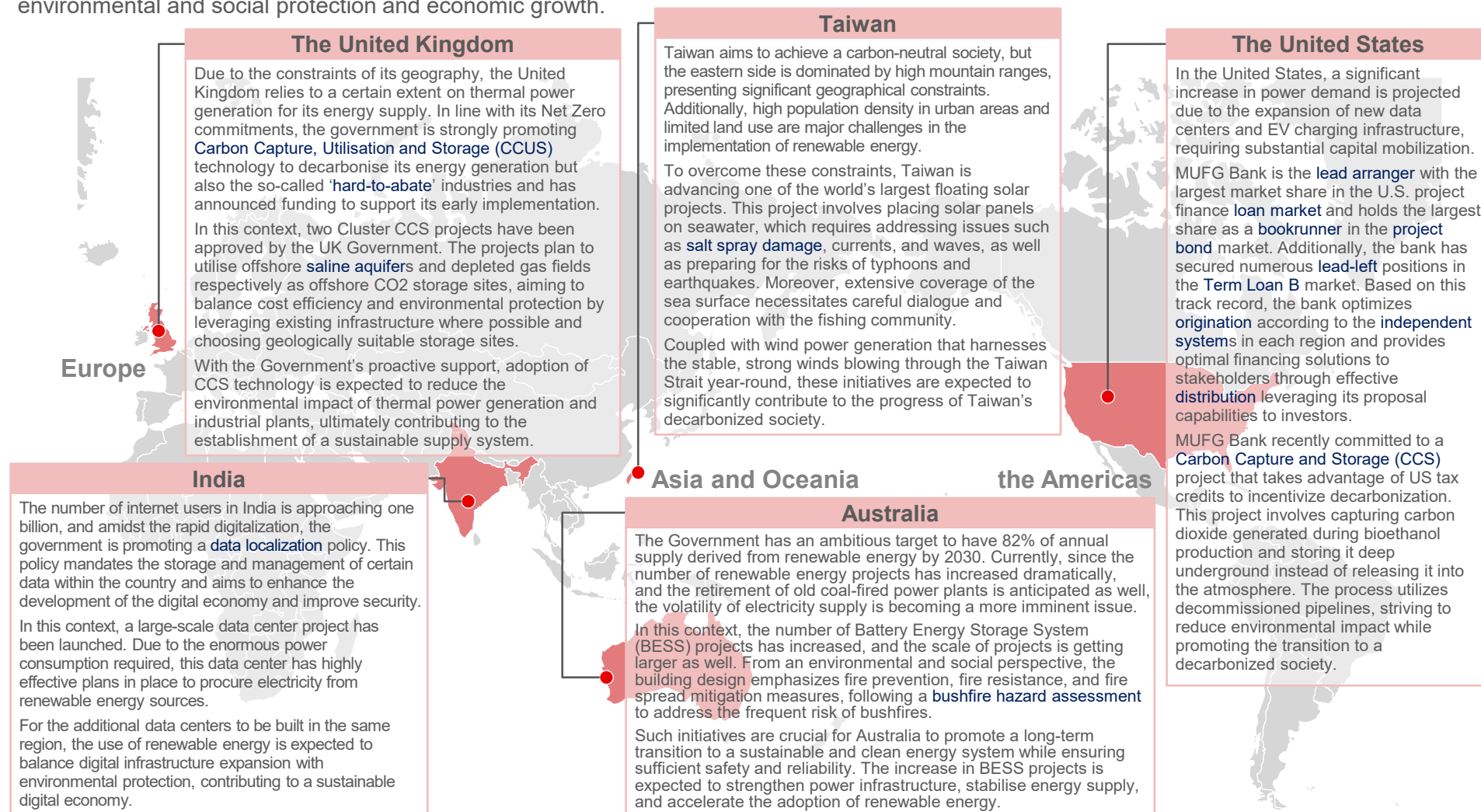
Based on past experiences, the Bank actively discusses with other Steering Committee members and working groups how to make further improvements in the quality of E&S risk management using the EP.



▲ At the EP Annual General Meeting held in Madrid in November 2024, three members from MUFG Bank gave presentations.

# Regional Trends in 2024

To address the growing global energy demand and digitalization, MUFG Bank continues to support the development of sustainable infrastructure. The Bank will continue to provide financial solutions for promising technological innovations, thereby expanding our efforts to achieve both environmental and social protection and economic growth.



# Afterword

Back in 2003, when the EP came into being, sustainability initiatives by financial institutions were not as widespread as they are today. Despite such circumstances, MUFG Bank quickly recognized the importance of managing the environmental and social impacts and risks associated with the projects it financed, leading the Bank to promptly become a signatory to the EP.

The world has seen significant changes in the sustainability landscape since the Bank's adoption of the EP in 2005. The Paris Agreement and the adoption of the Sustainable Development Goals (SDGs) by the United Nations, two of the most memorable events in 2015, undoubtedly accelerated global commitment to sustainability. Against this backdrop of international trends, the number of EP signatories dramatically increased, exceeding 100 in 2019 compared to the ten founding signatories at the start.

Legend has it that the designation of the "Equator Principles" was chosen as a global appellation that would be equally acceptable to financial institutions in both the Northern and Southern Hemispheres, fostering hopes for global harmony. At the inception of the EP, the signatories primarily consisted of financial institutions in Europe and the United States. In recent years, however, many Asian financial institutions have also become signatories to the EP. As the representative signatory in the Asia-Oceania region and a Steering Committee member, the Bank will continue to work on the further advancement of the EP.

The Bank's journey with the EP is about to celebrate its 20th anniversary. During this period, the sectors of the projects the Bank reviewed have significantly expanded. Recent trends show that projects utilising new technologies conducive to the realisation of a decarbonized and digital society, including hydrogen supply chains and data centers supporting generative AI, are on the rise. With the advancement of globalisation and technology comes the growing complexity of environmental and social risks and impacts. The growing importance of respecting human rights, addressing climate change, and conserving biodiversity calls for appropriate environmental and social considerations in every project the Bank finances.

The EP provides a framework where businesses and financial institutions collaborate to appropriately address the potential environmental and social risks and impacts that projects may bring about. In doing so, the Bank not only works with its clients but also with many stakeholders, including local communities and consultants. The scope of assessment is necessarily broad. In this report, the Bank selected biodiversity conservation as a theme to provide readers with an illustration helpful in understanding what addressing environmental and social risks and impacts entails. The Bank takes pleasure in helping a wide range of stakeholders understand the overview of the EP and its implementation within the Bank, to which aim, the Bank believes, this report will go a long way.

## Appendix: E&S Consideration and Categorisation Report CY2023 (1/5)

MUFG Bank discloses the numbers of the project finance transactions and the project-related corporate loans that achieved financial close every year, and the number of the project finance advisory services where the Bank was mandated during the same period in “Environmental and social consideration and categorisation report” in accordance with the Equator Principles and the Bank’s Implementation Guidelines for the Equator Principles.

The Bank categorises the projects proposed for financing based on the magnitude of their potential environmental and social risks and impacts in accordance with the Bank’s Implementation Guidelines for the Equator Principles, referring to the International Finance Corporation (IFC)’s Performance Standards and World Bank Group Environmental, Health, and Safety Guidelines. Especially when assigning Category A to a project, the Bank categorises the project in accordance with the definition of a Category A project in the Equator Principles referring as appropriate to other guidelines including OECD’s Common Approaches and relevant public institution’s guidelines.

(Note) Starting in 2024, reports under the Equator Principles must be conducted on a calendar year basis, from January to December. Previously, the Bank has conducted its reporting/disclosure based on the fiscal year, which runs from April to March. To comply with the new requirements, the Bank reports/discloses our 2023 results over a 9-month, from April to December, as a transitional measure.



# Appendix: E&S Consideration and Categorisation Report CY2023 (2/5)

## Project Finance

EP-applicable Project Finance transactions reached financial close within the specified period.

		CY2023			
		Category			Total: 79
		A: 8	B: 39	C: 32	
By Sector					
Mining	0	0	0	0	
Infrastructure	0	3	0	3	
Oil and Gas	1	1	0	2	
Power	3	30	13	46	
Others	4	5	19	28	
Petrochemical	3	1	0	4	
Excl. Petrochemical	1	4	19	24	
By Region					
Americas	1	28	23	52	
EMEA	2	4	0	6	
APAC	5	7	9	21	
Designated and Non-Designated Countries					
Designated Countries	2	37	31	70	
Non-Designated Countries	6	2	1	9	
Independent Review					
Yes	8	37	29	74	
No	0	2	3	5	

※ Selected information assured by Deloitte Tohmatsu Sustainability Co., Ltd. is marked with ✓

# Appendix: E&S Consideration and Categorisation Report CY2023 (3/5)

## Project-Related Corporate Loans

EP-applicable [Project-Related Corporate Loans](#) that reached financial close in the specified period























		CY2023			
		Category			Total: 4
		A: 2	B: 1	C: 1	
By Sector					
Mining	0	0	0	0	
Infrastructure	0	0	1	1	
Oil and Gas	0	0	0	0	
Power	1	1	0	2	
Others	1	0	0	1	
Petrochemical	0	0	0	0	
Excl. Petrochemical	1	0	0	1	
By Region					
Americas	0	0	0	0	
EMEA	1	0	0	1	
APAC	1	1	1	3	
Designated and Non-Designated Countries					
Designated Countries	0	1	1	2	
Non-Designated Countries	2	0	0	2	
Independent Review					
Yes	2	0	0	2	
No	0	1	1	2	

※ Selected information assured by Deloitte Tohmatsu Sustainability Co., Ltd. is marked with ✓

# Appendix: E&S Consideration and Categorisation Report CY2023 (4/5)

## Project-Related Refinance

EP-applicable Project-Related Refinance for Project Finance that reached financial close in the specified period.

		CY2023	
		For Project Finance: 1 	For Project Related Corporate Loans: 0 
By Sector			
Mining	0 	0 	
Infrastructure	1 	0 	
Oil and Gas	0 	0 	
Power	0 	0 	
Others	0 	0 	
Petrochemical	0 	0 	
Excl. Petrochemical	0 	0 	
By Region			
Americas	1 	0 	
EMEA	0 	0 	
APAC	0 	0 	
Designated and Non-Designated Countries			
Designated Countries	0	0	
Non-Designated Countries	1	0	

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# Appendix: E&S Consideration and Categorisation Report CY2023 (5/5)

## Project Finance Advisory Services

Mandated in the specified period

		CY2023
		13
By Sector		
Mining		0
Infrastructure		3
Oil and Gas		3
Power		5
Others		2
	Petrochemical	1
	Excl. Petrochemical	1
By Region		
Americas		2
EMEA		4
APAC		7

The listed information is disclosed on the EP website. The project name and country in which it is located are disclosed on its website provided that the client has given consent.

<https://equator-principles.com/report/mufg-bank-ltd-1-apr-2023-31-dec-2023/>

### MUFG BANK, LTD (1 APR 2023 – 31 DEC 2023)

Signing Date	22 Dec 2005	Please read the <a href="#">important notes and disclaimer</a> for further information on 'EPRI Reporting', compliance and publication on the EP website.  Further information on this EPRI may be obtained through the Institutional Reporting hyperlink.
Region of Headquarters:	Asia Oceania	
Current EPRI Reporting Year/Period:	1 Apr 2023 – 31 Dec 2023	
Institutional Reporting:	<a href="#">Link to Report</a>	

## Assurance Report by Deloitte Tohmatsu Sustainability Co., Ltd.

<p><b>Deloitte.</b> デロイトトーマツ</p> <p>Independent Practitioner's Assurance Report</p> <p>To the President &amp; CEO of MUFG Bank, Ltd.</p> <p>We have undertaken a limited assurance engagement of the numbers of the project finance transactions, the project-related corporate loans and the project-related refinancing (for project finance and project-related corporate loans) that achieved financial close from April 1, 2023 to December 31, 2023 indicated with (✓) for the year ended December 31, 2023 (the "Number of Transactions") included in the "Environmental and social consideration and categorization report 2023" (the "Report") of MUFG Bank, Ltd. (the "Company").</p> <p><b>The Company's Responsibility</b> The Company is responsible for the preparation of the Number of Transactions in accordance with the Equator Principles and the Company's Implementation Guidelines for the Equator Principles adopted by the Company (the "Standards Adopted by the Company").</p> <p><b>Our Independence and Quality Management</b> We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Management 1, <i>Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements</i>, and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.</p> <p><b>Our Responsibility</b> Our responsibility is to express a limited assurance conclusion on the Number of Transactions based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, <i>Assurance Engagements: Other than Audits or Reviews of Historical Financial Information</i>, issued by the International Auditing and Assurance Standards Board ("IAASB").</p> <p>The procedures we performed were based on our professional judgment and included inquiries, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:</p> <ul style="list-style-type: none"> <li>Interviewing responsible officials of the Company with regards to the application of the Equator Principles</li> <li>Performing inquiries and inspecting documentary evidence regarding the implementation of internal controls over the Number of Transactions.</li> <li>Checking documentary evidence on a sample basis and recalculating based on the Number of Transactions to assess the completeness of data, data collecting methods, and the source data.</li> </ul> <p>The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.</p> <p><b>Limited Assurance Conclusion</b> Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Number of Transactions is not prepared, in all material respects, in accordance with the Standards Adopted by the Company.</p> <p><i>Deloitte Tohmatsu Sustainability Co., Ltd.</i> Deloitte Tohmatsu Sustainability Co., Ltd. Tokyo, Japan May 31, 2024</p> <p>Member of Deloitte Tohmatsu Limited</p>
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To ensure transparency in the application of the EP, MUFG Bank introduced third-party assurance in 2012. Every year, the Bank undergoes an external audit of the previous year's application of the EP and receive an assurance report.

2012–2013	Arata Sustainability Certification Organization Co., Ltd.
2014–2015	PricewaterhouseCoopers Sustainability Co., Ltd.
2016–2020	PwC Sustainability LLC
2021–2023	Deloitte Tohmatsu Sustainability Co., Ltd.

# Appendix: Glossary (1/2)

<b>Advisory Services</b>	Services that provide advice on fundraising
<b>Asian Development Bank</b>	An international development financial institution established to promote economic development and reduce poverty in the Asia-Pacific region
<b>Battery Energy Storage System (BESS)</b>	A comprehensive system for storing and supplying electricity, consisting of multiple batteries combined with control systems and inverters
<b>Biodiversity</b>	A comprehensive concept that includes the diversity of species, genetic diversity, and the variety of ecosystems in different regions, encompassing animals, plants, microorganisms, and the rich variety of life on Earth
<b>Bookrunner</b>	A financial institution that leads the issuance process of stocks or bonds, coordinating investor demand as the lead manager
<b>Bushfire Hazard Assessment</b>	The process of evaluating the risk of bushfires (forest fires) in a specific area and developing measures to manage and mitigate those risks
<b>Carbon Capture and Storage (CCS)</b>	Technology for capturing carbon dioxide and storing it long-term in underground formations or beneath the seabed
<b>Carbon Capture, Utilisation, and Storage (CCUS)</b>	Technology for capturing and storing carbon dioxide, as well as utilising the captured CO2 in useful products or processes
<b>Corporate Loan</b>	Loans that corporations borrow from financial institutions based on their creditworthiness
<b>Covenants</b>	Clauses in a loan agreement that specify certain conditions or actions that the borrower must comply with
<b>Critical Habitats</b>	Areas with high biodiversity that are crucial for (i) critically endangered and/or endangered species, (ii) endemic or restricted-range species, (iii) migratory species, (iv) threatened or unique habitats, (v) maintaining evolutionary processes
<b>Data Centre</b>	A dedicated facility for centralized management, storage, processing, and distribution of data for companies and organisations
<b>Data Localization</b>	Policies or regulations that require certain data to be stored and managed within the country where it was generated
<b>Desalination</b>	The process of removing salt from seawater or brackish water to produce fresh water for drinking or agricultural use
<b>Designated Countries</b>	Countries deemed to have robust environmental and social governance, legislative systems, and institutions to protect people and the natural environment
<b>Distribution</b>	The process by which banks sell financial products to investors
<b>Ecosystem</b>	A system formed by the interaction of living organisms (such as animals, plants, and microorganisms) with their non-living environment (such as air, water, soil, and climate)
<b>Environmental and Social Assessment</b>	The process of identifying environmental and social risks and impacts (including labour, health, and safety issues) within the area affected by a proposed project
<b>Environmental and Social Due Diligence (ESDD)</b>	The process of evaluating and managing the environmental and social impacts and risks of a project
<b>Environmental and Social Impact Assessment Report (ESIA)</b>	A comprehensive document detailing the potential environmental and social risks and impacts of a project
<b>Environmental and Social Management System (ESMS)</b>	A comprehensive management system applicable at both corporate and project levels for managing environmental, social, health, and safety issues



## Appendix: Glossary (2/2)

<b>Equator Principles Action Plan</b>	A plan developed as a result of EPFI's due diligence, outlining necessary actions to meet the standards set by the Equator Principles, prioritizing measures to address gaps in assessment documents, ESMP, ESMS, and stakeholder engagement processes
<b>Equator Principles Financial Institution (EPFI)</b>	Financial institutions that have adopted the Equator Principles
<b>Financial Close</b>	The date when all conditions required for the initial drawdown of a loan are met or waived
<b>Grievance Mechanism</b>	A system designed to promptly address and resolve concerns
<b>Hard to Abate</b>	Industries or energy transition sectors where reducing CO2 emissions is difficult with existing technologies
<b>High-concentration Brine</b>	Solution with a significantly higher salt concentration than typical seawater, often produced as a byproduct of desalination processes.
<b>High Voltage Direct Current (HVDC)</b>	A technology for efficiently transmitting electricity over long distances
<b>Human Rights Due Diligence</b>	An ongoing process to assess, identify, prevent, and mitigate human rights impacts in business activities and supply chains
<b>IFC Performance Standards</b>	Guidelines that set standards for managing environmental and social risks
<b>Independent System</b>	Independent System Operator (ISO): An organisation established in the U.S. to ensure the reliable operation of the power grid and manage the electricity market
<b>International Finance Corporation (IFC)</b>	An international organization and member of the World Bank Group that aims to reduce poverty through private sector development
<b>Lead Arranger</b>	The main financial institution responsible for organizing and coordinating a syndicated loan
<b>Lead-Left</b>	The primary financial institution in a syndicated loan that takes the lead role in structuring, underwriting, and distributing the loan
<b>Loan Market</b>	The financial market where loans are originated, bought, and sold, including various types of loans such as personal loans, business loans, and syndicated loans
<b>Mandated Lead Arranger</b>	A financial institution that is appointed to take the primary role of structuring, arranging, and syndicating a loan, often coordinating with other banks and financial institutions
<b>Modified Habitats</b>	Areas where non-native species dominate or where human activities have altered the original species or ecosystem functions
<b>Natural Habitats</b>	Areas where native species dominate and where human activities have not significantly altered the original species or ecosystem functions
<b>Origination</b>	The process by which financial institutions originate new loans
<b>Project Bond</b>	Bonds issued to raise funds for a specific project
<b>Project Finance</b>	A method of lending where the lender relies on the revenue generated by the project as the source of debt repayment and as collateral for the loan
<b>Project-Related Corporate Loan</b>	Corporate loans linked to a specific development project (refer to the Equator Principles for detailed criteria)
<b>Saline Aquifer</b>	An underground layer of water-bearing rock that contains saline water
<b>Salt Spray Damage</b>	Damage caused by mist containing salt
<b>Solid Oxide Fuel Cell (SOFC)</b>	A type of fuel cell that operates at high temperatures and efficiently generates electricity by transporting oxide ions
<b>Stakeholder Engagement</b>	The process of actively involving and communicating with a wide range of project stakeholders
<b>Term Loan B</b>	A type of long-term loan primarily used in leveraged finance (high-risk, high-return investments)
<b>World Bank Group EHS Guidelines</b>	Guidelines that provide best practices for environmental, health, and safety



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