

MUFG GREEN BOND COMPLIANCE REVIEW

June 12, 2017

Introduction

In September 2016, Mitsubishi UFJ Financial Group, (“MUFG”) issued a green bond aimed at funding eligible solar and wind energy generation projects. MUFG engaged Sustainalytics to review all 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 the Green Bond Framework.

Compliance Evaluation Criteria

Sustainalytics evaluated all seventeen renewable energy projects for compliance based on whether the projects:

1. Met the Use of Proceeds criteria outlined in the Green Bond Framework
2. Reported on two Key Performance Indicators (KPIs) outlined in the Green Bond Framework

Sustainalytics has not verified the methodology or accuracy of the KPIs reported as part of this engagement.

Table 1 lists the Use of Proceeds and Reporting criteria.

Table 1: Use of Proceeds and Reporting Criteria

Use of Proceeds criteria	Key Performance Indicator (KPI)
Expenditures related to the development construction, operation, or expansion of facilities for new and existing solar and wind projects that are (i) determined as Category B or Category C in accordance with the Equator Principles, and (ii) signed since September 2014.	Energy produced (kWh)
	CO2 emissions offset (tonnes)

Issuing Entity’s Responsibility

MUFG is responsible for providing accurate information and documentation relating to the details of the project that has been funded, including description of projects, allocation to projects, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of MUFG's Green Bond Framework and provided an independent opinion. The work undertaken as part of this engagement included conversations with relevant MUFG employees and review of relevant documentation to confirm the conformance with the Green Bond Framework.

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.

Exceptions

No exceptions were identified.

All projects aligned with the Use of Proceeds criteria as well as the Reporting criteria.

Conclusion

Based on the limited assurance procedures conducted, nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the allocation of MUFG's green bond, issued to fund eligible green projects, is not in conformance with the Use of Proceeds and Reporting criteria outlined in the MUFG Green Bond Framework.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of seventeen projects funded by the green bond to determine if projects aligned with the Use of Proceeds Criteria outlined in the Green Bond Framework.	All seventeen projects reviewed complied with the Use of Proceeds criteria. Ten wind projects and seven solar projects were funded.	None
Reporting Criteria	Verification of seventeen projects funded by the green bond to determine if impact of projects was reported in line with the KPIs outlined in the Green Bond Framework and above in Table 1.	All seventeen projects reviewed complied with the Reporting criteria	None

Appendix 1: List of Projects Reviewed and Project Impact

#	Project Category	Number of projects	All projects in category meet Use of Proceeds Criteria	Total Energy produced (kWh)	Total CO2 emissions offset (tonnes)	KPIs for all projects in category meet Reporting Criteria
1	PV (Solar)	7	Yes	702,921,672	354,273	Yes
2	Wind(Onshore)	8	Yes	1,135,627,128	572,356	Yes
3	Wind(Offshore)	2	Yes	2,516,222,400	1,268,176	Yes

Disclaimer

All rights reserved. No part of this review may be reproduced, transmitted or published in any form or by any means without the prior written permission of Sustainalytics.

This review document is for information purposes only and Sustainalytics will not accept any form of liability for the substance of the review and/or any liability for damage arising from the use of this review document and/or the information provided in it.

As the review is based on information made available by the client, Sustainalytics does not warrant that the information presented in this review document is complete, accurate or up to date.

Nothing contained in this review document shall be construed as to make a representation or warranty, express or implied, regarding the advisability to invest in or include companies in investable universes and/or portfolios. Furthermore, this review document shall in no event be interpreted and construed as an assessment of the economic performance and credit worthiness of the bond.

SUSTAINALYTICS

Sustainalytics is an independent ESG and corporate governance research, ratings and analysis firm supporting investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, Sustainalytics partners with institutional investors who integrate environmental, social and governance information and assessments into their investment processes. Today, the firm has more than 300 staff members, including 170 analysts with varied multidisciplinary expertise of more than 40 sectors. Through the IRRI survey, investors selected Sustainalytics as the best independent responsible investment research firm for three consecutive years, 2012 through 2014 and in 2015, Sustainalytics was named among the top three firms for both ESG and Corporate Governance research. The firm was also named the Best SRI or Green Bond Research Firm by Global Capital in 2015. For more information, visit www.sustainalytics.com

Sustainalytics

info@sustainalytics.com

www.sustainalytics.com

