

MITSUBISHI UFJ FINANCIAL GROUP

Type of Engagement: Annual Review for 2018 Green Bond

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Introduction

In January 2018, Mitsubishi UFJ Financial Group (MUFG) issued a green bond (Issue Amount: EUR 500 million, Tenor: 5 Year) aimed at financing loans to new and existing renewable energy projects, such as solar thermal power generation, solar photovoltaic power generation and onshore and offshore wind farm projects. In May 2018, MUFG engaged Sustainalytics to review the 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 Mitsubishi UFJ Financial Group Green Bond Framework 2018¹.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded through MUFG's 2018 green bond issuance based on whether the projects and assets:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the 2018 Green Bond Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Green Bond Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs as per the framework.

Table 1: Use of Proceeds, Eligibility Criteria, and KPIs

Use of Proceeds	Eligibility Criteria	Key Performance Indicators
Renewable Energy	<p>Proceeds of the green bond may be allocated to lending to new and existing renewable energy projects, such as solar thermal power generation, solar photovoltaic power generation and onshore and offshore wind farm projects. In order for a project to be funded through green bond proceeds, the project must meet the following eligibility criterion:</p> <ul style="list-style-type: none"> • 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 within the 24 months preceding the date of the green bond issuance and/or after the issuance. 	<p>MUFG has committed to publishing an impact report annually, throughout the term of the bond, that will report on the following impact metrics:</p> <ul style="list-style-type: none"> • kWh of power generated from renewable energy produced by Eligible Green Projects, and • Prospective carbon offset from Eligible Green Projects, in tonnes of CO2 equivalent

¹ http://www.sustainalytics.com/wp-content/uploads/2018/01/MUFG_Green-Bond-Framework-and-Opinion_final.pdf

Issuing Entity's Responsibility

MUFG is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of 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 Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from MUFG employees and review of documentation to confirm the conformance with the Mitsubishi UFJ Financial Group Green Bond Framework 2018.

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.

Conclusion

Based on the limited assurance procedures conducted², nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of MUFG's Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Mitsubishi UFJ Financial Group Green Bond Framework 2018. MUFG has disclosed to Sustainalytics that the proceeds of the EUR 500 million green bond were fully allocated as of 31 March 2018.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the green bond to determine if projects aligned with the Use of Proceeds Criteria outlined in the Green Bond Framework and above in Table 1. For a list of project categories funded, please refer to Appendix 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the green bond to determine if impact of projects were reported in line with the KPIs outlined in the Green Bond Framework and above in Table1. For a list of KPIs reported, please refer to Appendix 2.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

² Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix 1: List of Project Categories Reviewed

#	Project Category	Number of Projects	Equator Principles Category	Singed Date	All projects in category meet Use of Proceeds Criteria
1	PV (Solar)	3	Category B: 2 projects Category C: 1 project	Within last 24 months: 3 projects	Yes
2	Wind (Onshore)	7	Category B: 7 projects	Within last 24 months: 7 projects	Yes
3	Wind (Offshore)	4	Category B: 4 projects	Within last 24 months: 4 projects	Yes

Appendix 2: List of Project Impact

#	Project Category	Number of Projects	Total Energy produced (kWh)	Total CO2 emissions offset (tonnes)	KPIs for all projects in category meet Reporting Criteria
1	PV (Solar)	3	1,248,447,168	629,217	Yes
2	Wind (Onshore)	7	2,328,775,920	1,173,703	Yes
3	Wind (Offshore)	4	1,753,257,060	883,642	Yes

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Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that support investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. Global Capital named Sustainalytics the "Most Impressive Second Party Opinion Provider in 2017". In 2018, the firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan for its contribution to the growth of the Japanese Green Bond Market.

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